

JPRS 81143

28 JUNE 1982

# China Report

ECONOMIC AFFAIRS

No. 242



FOREIGN BROADCAST INFORMATION SERVICE

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28 June 1982

## CHINA REPORT

### ECONOMIC AFFAIRS

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## ECONOMIC PLANNING

### ENTERPRISE REORGANIZATION PROPOSED TO ENHANCE ECONOMIC BENEFITS

Shenyang LIAONING RIBAO in Chinese 18 Feb 82 p 1

[Article: "Carry Out Three Constructions; Achieve Six Good Requests; Develop Enterprise Potential; Improve Economic Benefits"]

[Text] The provincial party committee and government convened an all-province conference on enterprise reorganization work from 11 to 15 February. It was attended by responsible persons in charge of exchanges of work experience from various municipality (prefecture) committees and government departments and from 70 major enterprises. A number of responsible comrades from relevant units and committees under the State Council were also invited to attend the conference.

Comrade Guo Feng [6753 1496] chaired a panel discussion among municipality (prefecture) industrial secretaries on how to do a good job at reorganizing enterprises. He listened to various briefings and also gave a speech. Comrade Shen Yue [3088 6390] delivered a report entitled "Making Energetic Efforts To Increase Economic Benefit Is the Central Task of Economic Work." Comrade Tan Liren [6151 4539 0086], representing the provincial party committee and government, conducted a mobilization and overall deployment for the work of enterprise reorganization. Comrade Chen Puru [7115 3877 1172] delivered a summation of the conference.

The meeting resolved to completely overhaul 397 large- and medium-size core enterprises within the next 2 years. During the first half of this year, we are to reorganize 94 highly productive and profitable enterprises which have a significant bearing on the national economy. Leading comrades from various departments in all administrative levels under the State Council are to personally grasp the essential points and help organize investigation groups. About 100 enterprises per group are to be handled during the second, third, and fourth stages, which will include the work of rechecking and terminating the movement. Small-scale enterprises also will be reorganized and straightened out within 2 to 3 years by municipal and local authorities.

The general overhaul of enterprises means that we must conduct integral management over them. We must do a good job at the three kinds of construction--that is, through reorganization we will gradually build up a kind of leadership system which is democratic and yet centralized, staff and workers who are both Red and expert; and a scientific and civilized administrative system. To achieve the "six good"

demands, we must correctly handle the economic relationship among government officials, entrepreneurs, and workers; completing the national plan in a superb manner requires good attention to be given to the three parties concerned, good quality products, good economic benefits, good labor discipline, good civilized production and good political work.

The meeting demanded that, based on their respective conditions, all enterprises separately carry out minor or major reorganization work in stages, slowly or speedily--as the case may be. Within a period of 2 to 3 years or more, they must do a good job at the "three kinds of construction" and fulfill the "six good" demands. At present, to encompass the improvement in economic benefits, we must strive to do the following five tasks: First, we must reorganize and improve the system of economic responsibility, streamline business administration and management, and improve overall planning management, quality management and economic verification. Last year, more than 70 percent of the enterprises within our province implemented various forms of the economic responsibility system. On the whole, the results were good and the direction correct. We must not waver in our correct direction just because a few problems emerge, but should sum up our experiences and improve further in the reorganization process. Second, we must rectify and straighten out labor discipline, and strictly carry out the system of rewards and punishment. All enterprises must draw up a "Regulation for Staff and Workers" that is to be followed after it is passed by a workers' congress. We must foster uprightness, curb unorthodox tendencies and establish good manners and discipline in factories. Third, we must put in order financial discipline and straighten out the system of financial accounting. Those found violating the law or financial discipline must be resolutely stopped and sanctioned. Fourth, we must straighten out labor organization, set production based on the number of workers and quota of production, with superfluous personnel to undergo training on rotation. Part of them may be channeled to strengthen livelihood service institutions, while another part may participate in labor service institutions. We must establish a system of personnel cultivation and training. Last, we must reorganize and build up leading squads, and strengthen our ideological and political education toward staff and workers. We must revitalize the system of industrial leadership and, under the guidance of industrial party committees, build a healthy system of responsibility for factory heads and a system for workers' congresses. We must sagaciously train industrial leading elements and select outstanding Youth League cadres--up to 80 percent of their total number--to assume leading posts and to be trained to understand production techniques and business management. We must do a good job at rectification and at constructing an ideological workstyle, inspiring their spirit, and upholding party spirit so they can lead their units properly and manage enterprises properly.

The meeting stressed that the overall enterprise reorganization covers all facets of work and wide areas with strong political overtones. All levels of party committees and government departments must strengthen their leadership. The reorganization must be carried out by the existing leading elements and working masses under the guidance of industrial party organizations. The task of investigation groups is to investigate and to conduct research, to express opinions, and to act as

counselors. We must start the work of reorganization on the basis of the real conditions of enterprises, not by treating everything with arbitrary uniformity. We must combine work on key points with work in other areas, and combine them in a timely manner; neither work can be sacrificed or ignored. The work of reorganization must be combined with current production, and through reorganization we will develop toward an excellent situation and fulfill our national plan in due course.

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## ECONOMIC PLANNING

### LIAONING'S 1981 FINAL ACCOUNT, 1982 BUDGETARY ESTIMATE GIVEN

Shenyang LIAONING RIBAO in Chinese 6 Mar 82 p 2

[Article: "Energetically Increase Income and Practice Thrift To Carry Out Revenue Mission"]

[Text] At the opening ceremony of the Fourth Session of the Fifth Provincial People's Congress on 4 March, the head of the Provincial Department of Finance, Zhang Min [1728 2404], gave a report concerning Liaoning Province's 1981 final account and 1982 budgetary estimate.

In his report, Zhang Min pointed out that allocation and execution of the budget of our 1981 national economic plan have guaranteed the realization of major policies for the adjustment of our national economy and the promotion for development of economic adjustment, as well as industrial and agricultural production and construction undertakings. However, due to extraneous factors that have resulted in less revenue and more expenditures in the process of economic adjustment, our plan for financial revenues could not be completely fulfilled, and only 94.4 percent of the budgeted income could be collected. The main reasons were: 1) Our province has a large proportion of industry, and as its production task was adjusted downward, profits dropped considerably; 2) An increase in farm products price-differential subsidies and a financial loss in foodstuff industries; 3) Continued arrangements for youths awaiting jobs, which increased a portion of industrial expenses; 4) Increases in industrial waste-disposal charges and insurance premiums as compared with the preceding year; and 5) A continued drop in industrial and commercial income taxes. Zhang Min pointed out that last year's actual expenditures turned out to be 81.6 percent of the budget, representing a reduction in expenditures of 745 million renminbi, or a drop of 21.9 percent compared with the preceding year. Some 78.7 percent of the budgeted amount for basic construction investment was realized, whereas investments for culture and education, public health, city construction, housing construction and other items having to do with the people's livelihood all registered an increase. Some 66.8 percent of the budgeted amount for tapping and transforming capital was realized. About 95.7 percent of the budgeted amount for city construction and maintenance was realized, increasing the daily water supply capacity by 150,000 tons, the gas supply capacity by 40,000 cubic meters, the number of new public buses by more than 200 vehicles, and new macadamized road surface by 750,000 square meters. Some 88.6 percent of the budgeted amount for agricultural support was utilized. Again, 94.6 percent of the budgeted amount for

culture and education, public health and scientific undertakings was spent, indicating an increase of 5.3 percent over the preceding year. In addition, treasury bonds subscribed to by our province exceeded the government-set norm by 8.6 percent. In his report, Zhang Min said that the situation for executing the financial budget was good, as revenues and expenditures were basically balanced. However, there are still many problems in the field of financial discipline that require serious efforts for solution.

Zhang Min also told the delegates about the budgetary estimate for 1982. He said that the task of collecting budgeted revenues is arduous, while allocations for expenditures are very tight. Consequently, we must open wide the production channels and strenuously bring extra production and extra income to realization. We must continue to sum up, improve and promote the system of responsibility for profits and losses, and further activate the enthusiasm of management and workers in increasing production and revenues. We must enhance the idea of economic efficiency and benefit as the core, readjust industrial financial matters and discipline, comprehensively strengthen economic verification, and improve economic efficiency and profit levels. We must strengthen our tax collection and administration work as well as management of all kinds of capital, meticulously utilize all financial resources and strenuously fulfill this year's task concerning financial revenues and expenditures.

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## ECONOMIC PLANNING

### REPORT ON SHANGHAI GOVERNMENT WORK GIVEN AT PEOPLE'S CONGRESS

Shanghai WENHUI BAO in Chinese 6 Apr 82 pp 1, 5, 6

[Report on government work by Wang Daohan [3076 6670 3211] at the Fourth Session of the Seventh Municipal People's Congress of Shanghai on 30 March 1982]

[Text] Fellow Deputies:

Nearly 1 year has passed since the convention of the Third Session of the Seventh Municipal People's Congress. During this period, the municipal government has on different occasions reported to the Standing Committee of the Municipal People's Congress on our economic plans, industrial production, market prices, school education, social order and other matters. On behalf of the municipal people's government, I am now to report on our work in the past year and the main tasks for this year for your deliberation and examination.

#### I. Review of Last Year's Work

In 1981, under the correct leadership of the Party Central Committee, the State Council and the Shanghai Municipal Party Committee, we resolutely carried out the policy of further readjusting the economy and promoting political stability and unity and the spirit of the "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China," and mobilized the cadres, people and personages in various circles to work with one heart and one mind to bring about a basic financial and credit balance for the state and to stabilize the economy and commodity prices. In the past year, Shanghai's economic construction maintained its steady progress, the political situation was stable, both social morality and social order showed improvement, and people on various fronts made new achievements.

Last year, in Shanghai, the plans of economic construction were completed on various fronts during the readjustment, and a certain rate of growth was maintained. The total industrial output value in the municipality reached 64.75 billion yuan, a 3.3 percent increase over the previous year and overfulfilling the plan. The output value of light industry included in this total was 36.17 billion yuan, a 9.6 percent increase, and that of heavy industry was 28.58 billion yuan, a 3.8 percent decrease. The total agricultural



output value was 2,856,000,000 yuan, an increase of 15.5 percent over the previous year. This included 915 million yuan, a 5.3 percent increase, for purely agricultural output; 509 million yuan, a 15.4 percent increase, for forestry, animal husbandry and fishery; and 1,432,000,000 yuan, a 23.2 percent increase, for sideline products including the output value of commune-run and production brigade-run industry. In the transportation departments, the plans for cargo and passenger transportation in and out of harbors, by trains and municipal buses, and along the water and land trunk lines were all fulfilled or overfulfilled. On the capital construction front, the resources were concentrated for developing the production of consumer goods for daily use, energy conservation, civilian housing, environment protection, municipal public utilities, and some key projects including the second stage engineering work for the Baoshan Iron and Steel General Plant and the Shanghai Petro-Chemical Industry General Plant. The investment totaled 3.08 billion yuan, a 19.7 percent increase over the previous year. New progress was made in both domestic and foreign trade. The total volume of retail sales in the municipality was 9.37 billion yuan, an 8.5 percent increase over the previous year; that of industrial products for daily use transferred to other places totaled 11.42 billion yuan, a 6.9 percent increase; and the total value of commodities procured for export by the municipality was 8.95 billion yuan, a 7.6 percent increase. The budgeted local revenue was 17,153,000,000 yuan, a 3.1 percent increase over the previous year, calculated according to comparable prices.

In the first half of last year, industrial output value in the municipality dropped by a fairly wide margin in the process of readjustment of the service orientation and product mix, because of the large-scale reduction in capital construction investment and insufficient production tasks for heavy industry. Because of the large increases in light industrial production in several consecutive years and the need for stronger measures to tap further potential, some new changes took place in supply and demand on the market. There were difficulties in the supply of energy and some raw and semifinished materials, and production increase was to a certain extent restricted. Furthermore, because we did not fully realize the need to maintain a certain rate of growth during the readjustment, and could not anticipate the new conditions in the course of our advance, the measures taken were not prompt enough, and, as a result, the rate of increase in the first half year fell short of our expectation and was down by 0.2 percent, compared with the same period in the previous year. Premier Zhao Ziyang came to Shanghai in July and gave important directions on our tasks and the orientation of our economic development. Later, the municipal party held a symposium on economic work. We seriously discussed the implementation of Comrade Zhao Ziyang's directions, listened to reports from various trades and undertakings, analyzed and studied the problems in economic work and strengthened the cooperation among different economic departments. We further aroused the enthusiasm of the workers and staff members throughout the municipality and adopted active measures, and succeeded in bringing about a gradual upswing in industrial production and overfulfilled our annual plan. All light industrial departments continued to tap potential for production and increased their outputs according to state plans and market demand. The output of 22 different types of daily-use consumer goods, under 17 major categories, which were most needed in society and were fairly

effective in withdrawing currency from circulation, was raised by more than 20 percent. The heavy industrial departments strived to increase the output of raw and semifinished materials needed by light industry, to serve the technical transformation of various trades and undertakings, and to increase the products for exports. Except for the machinery trade whose output value was lowered, all other trades maintained or surpassed the production level of the previous year. Nearly 30,000 new products, new varieties and new designs were manufactured or produced in the municipality. The quality of most products was improved, and a total of 466 industrial products won quality citations from the state and certificates of fine quality from the municipality. Energy consumption in industry last year was reduced by 3.3 percent below the previous year, and the energy saved was equivalent to 650,000 tons of standard coal. While readjusting the organizational structure of enterprises in their own departments, the various industrial departments also carried out readjustments involving different departments on 10 machinery plants by retooling them to produce light industrial products. Some restructuring was also carried out in the course of readjustment. The Shanghai Oil Refinery of Gaoqiao District and the First Section of No 7 Gaoqiao Chemical-Industrial Plant organized an integrated company which cut across different trades. A handkerchief company combining industry with foreign trade was also established. Experiments in the system of economic responsibility in many different forms all proceeded fairly satisfactorily. For capital construction investment, the method of substituting bank loans for government allocations was widely used as a means of shortening the construction period, reducing construction funds and speeding up investment returns. Our economic integration and technical cooperation with fraternal regions continued to develop, and by now, there are more than 120 economically integrated units. The commercial, material, and foreign trade departments, industrial-commercial administrative departments, banks and finance departments have also strengthened their work in market surveys and market forecasting in order to supply information for the industrial departments and help them organize production more effectively to meet social needs.

New achievements were made in agriculture. In the outlying counties, 97 percent of the production teams have adopted the system of production responsibility in various forms which aroused the commune members' enthusiasm in production. Because of the typhoons, floods, drizzle, low temperature and other serious natural disasters, the total grain output was 3.71 billion jin, an 0.8 percent reduction; that of cotton was 1,486,000 dan, a 2.5 percent reduction; and that of rapeseed was 2,932,000 dan, a 53 percent increase over the previous year. The outputs of vegetables, pork, poultry, fresh eggs, milk and other nonstaple foods were all higher than the previous year, and the result of economic diversification was also fairly good. We should mention that the total grain output was slightly less than the previous year only because more than 200,000 mu of grain farmland was used to expand the acreage of cotton and oil-bearing crops. The average per-mu yield was actually increased. The increase of rapeseed output was the result of expanded acreage as well as increase in the per-mu output. An extraordinarily great typhoon, rarely seen in history, was experienced in September last year. To save their city areas from inundation, Quansha and some other counties had to open all the sluicegates in the Quanyanghe River and to



allow some 3,000 mu of farmland to be flooded. Thus they protected the lives and property of people in the cities. This spirit of taking the interest of the whole into account deserves high praise.

The policy of serving economic construction was further implemented in science and technology. Last year, 559 important achievements were made in scientific research. Most of them were related to the present needs in production, and more than 70 percent of these research results have been popularized. Study in basic theories has also produced gratifying results. The yeast alanine transfer ribonucleic acid synthesized is of the advanced world standards. The scientific and technological departments also organized cooperation in scientific research and technical exchange activities and provided consultation service to help the production departments solve their technical problems. The research workers in natural and social sciences carried out extensive explorations in the direction of social and scientific and technological developments and supplied many good suggestions to help the leading departments make correct policy decisions.

People's material and cultural life continued to improve on the basis of the development of production. In addition to public construction and people's air defense engineering projects, housing projects completed in the municipality last year totaled 2,970,000 square meters, overfulfilling the housing plan, and slightly more than the previous year. Houses built by the peasants themselves were about 10 million square meters in floorspace, which doubled that of the previous year. The conditions of market supply were fairly good. The agricultural and commercial departments strengthened the weak links in their production and supply, and improved the conditions of vegetable supply. In the whole year, the number of days of below-normal supply to the market was reduced from 140 in the previous year to 97. We resolutely carried out the State Council's notice, and, after the increase of prices for tobacco and liquor and the reduction of the price for polyester-cotton fabrics, we relied on the organizations at various levels to widely publicize our price policy, conducted price checks, increased the production and supply of commodities needed in people's daily life, and strengthened our control over the market. Thanks to the support of all the people in the municipality, the commodities prices were basically stabilized. At the same time, we created more job opportunities by developing the collective economy and accommodated more than 200,000 people last year. In order to improve traffic order, we rearranged the traffic routes and the locations of stations and bus stops, marked out separate lanes for fast and slow driving cars, and staggered the work shifts; traffic congestion in the municipality has been alleviated a little. The main engineering work on the newly-built Shiliupu passenger station in Shanghai Port has been completed and is now being used. We continued to improve the municipal public utilities and environment protection. The drainage project in Wujuechang and other areas, the Pudong reservoir, and the expansion of the Changqiao Water Supply Plant were completed one after another. We also completed 492 projects in the disposal of the "three wastes," which helped reduce pollution and improved the resident's living environments.

While proceeding with economic readjustment, we also made new progress in cultural development. In the past year, many government organizations, social groups, plants, enterprises, schools, neighborhoods and people's communes conducted education in the four basic principles and the current situation and tasks according to the mentality of the cadres and people. In light of realities in various trades and units, they also extensively unfolded the "five stresses and four points of beauty" activities in many different forms, all for the purpose of education. On the industrial and transportation front, there were the "cultural development creates new morality while increasing production and practicing economy can help win new merits," called the "double-new" activities; in the countryside, there were the "civilized village" activities; on the finance and trade front, there were the "double-improvements" (meaning improvement of service and improvement of quality) activities; among the universities, secondary schools and primary schools, there were the "learn from Lei Feng and create three-good" activities; among the CYL members and youths, there were the "learn from Lei Feng, do good deeds and show warmth" activities; and among women, there were the "six-good" activities, all participated in by tens of thousands or even millions of people. Many advanced people and advanced collectives emerged in the "two developments." The evaluation and selection of model and advanced producers, advanced workers, pace-setters in the new Long March, best store-assistants, superior lane-and-alley workers, superior lane-and-alley workers, superior nurses, superior people's teachers and "three-good" students all inspired the people to make greater contributions to the four modernizations. In the fourth quarter of last year, the new practice of frugality in weddings was encouraged in the municipality, and extravagance and waste were greatly reduced.

The propaganda and cultural departments played active roles in promoting cultural development. There was improvement in both quantity and quality in movies last year. "A Family Full of Happiness" and "Horse-Tender" were among the movies widely acclaimed. We held the first Shanghai theatrical festival, and the wide range of subject matters and the great variety of performances created and staged were highly regarded and welcomed by people in various circles. The socialist cultural field was continually consolidated and expanded. The press also did a great deal of work in publicizing the party's line, principles and policies and in promoting the two developments. XINMIN WANBAO [NEW PEOPLE EVENING NEWS], the publication of which had been suspended for more than 10 years, reappeared on the New Year Day this year. In broadcasting and television, great efforts were made to enrich their programs, while the publication of books and periodicals continued to increase.

Education, public health work and sports all made rapid progress. Ideological and political work were stepped up in high schools. The academic order was stable and the quality of teaching was improved. The 12-year system for secondary and primary schools was restored, and the locations of schools were readjusted. The number of senior secondary schools was reduced and that of junior secondary schools was increased. Experiments in the reform of middle education structure were carried out with the addition of vocational classes and semispecialized classes. In-service training for cadres and cultural

and technical education for workers and staff members were further developed. The number of workers' universities was increased to 109, and there are also secondary workers' schools run by various departments, with a total of some 560,000 workers and staff members attending. In medical and public health work, preventive work was strengthened and the quality of medical treatment was improved, resulting in a marked decrease in the rate of infectious diseases. Family planning was widely practiced. Since the number of married couples was increased, the rate of natural population growth was higher than in the previous year. However, the number of people applying for one-child certificates was higher than in the previous year by 11.6 percent. The broad masses of sportsmen in the municipality, displaying their spirit of fighting and charging, showed good results. In some important international contests, the participants from the municipality won world champion titles in 8 events, smashed 1 world record, 2 Asian records and 13 national records. Mass sports are now vigorously developing.

Acting in the spirit of the national symposium on city security, we swiftly and heavily punished some serious active criminals and exercised the "comprehensive control" over city security last year. The number of active criminal cases has been reduced, and the number of such cases in the second half of last year was less than those in the first half by 9.3 percent, including a 13.4 percent reduction in serious cases. The strengthening of political stability and the improvement in social morality and social order were much welcomed by the broad masses, and served to guarantee the steady progress of economic development.

We also made new achievements in militia work, people's air defense and other work of preparedness against war. Last year, concentrated efforts were made on militia organization and readjustment so as to strengthen militia training both militarily and politically, and to improve their combat equipment. There has been overall improvement in militia building. At the same time, we newly constructed a number of civil air defense works that are up to the tactical standards, carried out an extensive program of "combination of peace and fighting," and expanded the areas to be used for civil air defense works.

There was continued development in our contacts and economic and technical exchanges with foreign countries. In the whole of last year, we received from 154 different countries and regions some 369,000 foreign guests, tourists, merchants, overseas Chinese, foreigners of Chinese origin, and compatriots from Hong Kong, Macao and Taiwan. Many of these overseas Chinese, foreigners of Chinese origin and compatriots from Hong Kong, Macao and Taiwan then visited the motherland for the first time since liberation. At the same time, we sent abroad a total of 547 economic and trade, scientific and technological, literary and art, and sports groups and teams, and organized 68 friendly exchanges with foreign cities. All these activities, in coordination with the international antihegemony united front and the patriotic united front, have helped to deepen mutual understanding and friendship between the people of Shanghai on the one hand and the compatriots from Hong Kong, Macao and Taiwan as well as other countries, and to promote the development of science, technology, culture and economic construction in Shanghai.

Fellow Deputies: The new progress made on various fronts in the municipality last year was the result of the implementation of the line, principles and policies of the Party Central Committee and the State Council as well as the fruits of hard struggle through the combined efforts of all cadres and people, and the PLA units stationed in Shanghai; and are inseparable from the strong supports given by the Party Central Committee, the various departments, and the fraternal provinces, municipalities and autonomous regions.

Since the beginning of this year, our industrial production has continued to develop at the same speed as it did in the second half of last year. Market supply has been fairly good, social order has been fairly stable, and the situation is excellent. We must continue our advance on the basis of consolidating the achievements already made.

## II. Further Clarifying Several Guiding Thoughts in Striving for Two Developments

This is now the second year in implementing the policy of further restructuring the economy and strengthening political stability and unity. To consolidate our economic gains so that Shanghai will be able to make greater advances with new steps this year, and to bring about a greater improvement in our party style, social morality and social order, we must, in accordance with the spirit of the directive from the Party Central Committee and the State Council, attend to both socialist material and socialist cultural developments simultaneously. In economic work, we must take the improvement of economic results as the central task, continue to do well in readjustment, restructuring, reorganization and upgrading, and strive for a steady growth rate with good economic results. In striving for cultural development, we must be guided by Marxism-Leninism-Mao Zedong Thought, firmly uphold the four basic principles, strengthen ideological and political work, wage a struggle against bourgeois corrosion, consolidate the socialist positions in various spheres and bring about further political stability and unity. We must further rally our energy, advance courageously, oppose arrogance and complacency, and have a will for innovation in order that Shanghai will make new achievements in various fields in 1982.

To ensure a correct direction of our advance according to the central authorities' policies, we must have a better understanding of and firmly uphold the following guiding thoughts:

First, we must shift all economic activities on to the channel surrounding economic benefits in order to bring about both speed of economic growth and economic results.

Premier Zhao Ziyang pointed out in his report on government work at the Fourth Session of the Fifth National People's Congress: "We must thoroughly change the conventional methods evolved over the years under the influence of the 'leftist' ideology and, proceeding from the actual conditions in China, blaze a new trail characterized by a fairly steady tempo and better economic results, yielding more substantial benefits to the people," and accordingly laid down the 10 guiding principles for our future economic construction. At

the national industrial and transportation conference convened by the State Council, Premier Zhao again pointed out: Improvement of economic results is the basic starting point in considering all economic problems and the nucleus of the 10 principles for economic construction. We must make all-out efforts to implement this guiding thought, show good results and open new prospects in industrial and transportation production and various undertakings.

Stressing economic results means reducing labor and material consumption to the maximum extent and producing more goods needed in the society. Shanghai has undergone great economic development in the 32 years since the founding of the People's Republic, and the economic results have been greatly improved. In implementing the policy of national economic readjustment in the past several years, we have energetically developed the production of daily-use consumer goods and gradually readjusted the service orientation and product mix of heavy industry, and the majority of products are in demand. However, there are still some products which have not been produced according to social needs. Furthermore, compared with the highest levels ever reached and with the domestic and foreign advanced levels, we are still lagging far behind. For example, the interest rates for output value tax and for fund tax and the fixed circulating funds in relation to the output value do not reach the fairly good levels of 1965. The number of days for the turnover of circulating funds in 10 industrial bureaus was 85.7 in 1976, and reduced to 57.8 in 1981. Compared to the 43 days in 1965, however, there is still quite a large disparity. We are also behind the advanced units in fraternal provinces, municipalities and autonomous regions in respect to quality, energy and raw material consumption and production costs for many products. According to a quality evaluation during which our products were compared with others of the same trade throughout the country, Shanghai was behind the fraternal regions in 56 different products. Our coke ratio in iron smelting was behind that of the Shoudu Iron and Steel Company; our product cost of polyoxyethylene was higher than that of the Quzhou Chemical-Industrial Plant in Zhejiang; and so forth. The disparity is even larger compared with the industrially developed countries in the world. This problem in industrial production also exists in other sectors of the national economy. We must correctly handle the relationship between speed and results and make every effort to bring about a marked improvement of economic results in production, construction, circulation and various spheres.

Second, we must adhere to the principle of ensuring that planned economy play the primary role and regulating by market play the supplementary role, and organize our production and circulation according to state plans and social needs.

Since the Third Plenary Session of the 11th Party Central Committee, our country has adopted the policy of opening our doors to foreign countries and enlivening the economy at home, and has promoted the development of our national economy. The success is primary, but, at the same time, some new conditions and new problems have emerged. Comrade Chen Yun pointed out: "Planned economy should still prevail and the regulation by the market can only be supplementary," and "the construction of the whole country must be



"must be carried out in a sequence and in the order of importance and urgency." This guiding thought is of great significance in ensuring the flexible development of our national economy without disorder and the maintenance of its steady progress.

Shanghai's total industrial output value, the amounts of its daily-use industrial products being transferred to other places, the value of its exported commodities and its revenues are all of fairly high national ratios. The Party Central Committee and the State Council are quite concerned for Shanghai's economic construction, and all fraternal regions have given strong support to Shanghai. In all our economic activities, we must bear in mind the overall situation, form the concept of coordinating all the activities of the country like pieces in a chess game, and organize our production and circulation strictly according to state plans and social needs. We must make every possible effort to produce or to transfer to other places as required by state plans. State plans are based on social needs; however, since there are endless changes in market demands and numerous types of minor commodities, it is impossible for everything to be included in the state's unified plans. Therefore, it is necessary to bring into play the supplementary role of market regulating under the guidance of state plans. In carrying out state plans, we should follow the centralized and unified leadership of the state and at the same time arouse the enthusiasm of various economic departments and enterprises, conduct regular market surveys and forecasts and produce to the maximum extent the goods required in domestic and international markets according to the changes in supply and demand on the market.

Industrial and agricultural production should mainly be based on state plans, and within the framework of these plans, and the regulative role of the domestic market can be used as their supplement. Under the existing system of economic management, we must correctly handle the relationship between the main role of state plans and the supplementary role of market regulation in the light of new conditions and problems. After the expansion of decision making power for the enterprises, profits from some products can be high or low according to present prices or other factors, and the low profits of some products as required by state plans can often cause conflicts with the interests of the enterprises and workers and staff members. Thus some enterprises may be included to do more work for more profits, less work for less profits and no work for no profit. We must resolutely organize our production according to state demands and people's needs and guarantee the fulfillment of state plans. After the adoption of the system of production responsibility in agriculture, the acreages for grain and cash crops and the procurement of agricultural sideline products will have a direct relationship with the peasants' income and benefits. This relationship may lead to the free choice of crops to be planted on the part of the peasants, and induce them to sell the planned agricultural sideline products in the village fairs. We must firmly adhere to the principle of producing grain as the main agricultural product, actively developing economic diversification, promoting agricultural sideline production according to the state's unified plan and fulfill our contract obligations instead of upsetting state plans by one-sidedly stressing some minor freedoms. While advocating competition in our economic

relations with the fraternal regions with each party doing its own best, we should resolutely protect the unified socialist market and conduct normal cooperation within the scope permitted by state plans in order to promote commodity circulation. In our economic and trade relations with foreign countries, we should also conscientiously uphold the policy of unity in dealing with outsiders and the policy of pooling our resources in dealing with foreigners. We must resolutely forbid any action in promoting the interests of certain units at the expense of the state. After all, in handling various relations of economic interests, we must submit to the state's unified plans, subordinate partial to overall interests, oppose unhealthy tendencies and develop the superiority of socialist planned economy.

Third, we must carry out the principle that "we need both to eat and to build up the country," attempt only the possible, and work out a comprehensive plan for production, construction and people's livelihood.

The basic aim of socialist revolution and construction is to gradually satisfy people's continually growing needs in their material and cultural lives. Recently, Comrade Chen Yun laid the principle that "we need both to eat and to build up the country." This is the basic principle to guide our future planned construction after summing up the historical experiences since the founding of the People's Republic. There must be comprehensive planning and overall arrangement for production, construction and people's livelihood. While gradually improving people's livelihood, we should also be sure that the state has some resources left for construction. In improving people's livelihood, we can only attempt the possible on the basis of developing production. Full understanding of this principle and the correct handling of the relationships of state, collective and individual interests are the basic preconditions for improving people's livelihood.

Since the downfall of the "gang of four" and particularly since the Third Plenary Session of the 11th Party Central Committee, the party and government have carried out a series of measures to improve people's livelihood despite serious difficulties in state finance and economy. The living conditions of people in the urban and rural areas of our municipality have continued to improve year after year, as we have all experienced in person. Here, we can mention a few instances: first, a total of 1,310,000 people were given jobs in the municipality during the past 5 years. The number of people newly given jobs amounted to approximately one-third of the total number of workers and staff members in the municipality at the end of 1976. Those who are still waiting for jobs are mostly the youths who graduated from secondary schools in recent years. In 1981, the number of people to be supported by each worker (including the worker himself) was reduced from 1.71 in 1976 to 1.57. Second, we have readjusted the workers' payscales, adopted the reward system, provided subsidy for nonstaple food prices and created more job opportunities, among other measures. Last year, the total payroll for all workers in the municipality amounted to 3,959,000,000 yuan, a 59.7 percent increase over that of 1976, averaging a progressive increase of 9.8 percent each year. The average monthly wages for each worker last year were 37.3 percent more than those in 1976, and taking into account the rise in price index in the workers' living expenses, there was still an actual increase

of 27 percent. To preserve the basic stability of market prices, the state has granted subsidies for the sales at low prices of grain, cotton, edible oil, meat, vegetables, aquatic products and coal for civilian use, all of which are closely related to people's daily life. Such subsidies totaled 1,043,000,000 yuan last year. Nonproductive investments in housing, schools, hospitals, urban public utilities and environment protection have been increased every year. In 1978, these investments totaled 274 million yuan; in 1981, they were increased to 740 million. In the past 5 years, the grand total of capital construction investments in housing was 1.31 billion yuan, and a total floorspace of 11,260,000 square meters was completed in the municipality, thus improving the housing conditions for more than 1 million people. Fourth, people's purchasing power has been increased as shown by the continued increase in the purchases of high and medium-grade durable consumer goods. By the end of 1981, according to a typical survey, every 100 households in the municipality owned an average of 274 wrist watches, 70 bicycles, 76 TV sets, 74 electric fans, 17 tape recorders and 10 cameras. Fifth, bank savings have increased by a wide margin. At the end of 1981, the total savings deposits of residents in the urban and rural areas of the municipality totaled 3.29 billion yuan, an increase of 1.75 billion yuan, or a 1.1-time increase over the figure at the end of 1976.

All these instances show that along with the readjustment and development of the national economy, the people's living conditions have been improved to varying degrees in the municipality. However, because of the serious aftermath of the disruption by the "gang of four," the imbalances in the national economic development and urban construction over a long time, and some other causes, there are still many problems in people's livelihood to be solved. For example, the housing problem is still very acute. In the 5 years from 1976 to 1981, the population in the municipality was increased by more than 810,000. Furthermore, people of the marriage age have greatly increased, and last year, 282,000 couples were married. Thus, even though our investment in housing has amounted to 43 percent of our capital construction investments (not including those spent on the second stage engineering for the Baoshan Iron and Steel General Plant and the Shanghai Petrochemical Industrial General Plant), we still cannot meet people's needs. The increase in city population has also given rise to a series of problems in employment, municipal public utilities, city traffic and so forth, and the solution of all these problems will take some time. There is some real contradiction between the improvement of people's living conditions and the carrying out of construction. We must firmly adhere to the principle that "we need both to eat and to build up the country," strive to develop production, and attempt only the possible before we can gradually improve people's livelihood. It is certainly incorrect to ignore people's livelihood; however, it is also impractical to solve all the problems within a short period. The important point is that despite the difficulties, we are hopeful and have the means to overcome them. There should be no doubt that the problems with people's livelihood will be gradually solved and that the situation will continue to improve year after year.



Fourth, while striving for material development, we should also vigorously strive for cultural development, so that the two developments will be combined and mutually supplementary.

Last year, after studying and publicizing the "resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China," we have strengthened ideological and political work, and a large number of advanced people dedicated to the four modernizations and having the ambition to carry out reforms have emerged on various fronts. Particularly since the unfolding of the "five stresses and four points of beauty" activities, gratifying changes have taken place in people's spiritual complexion and social morality because of the development of new socialist morality and practice. However, because of the serious disruption of our fine traditions and workstyle during the 10 years of turmoil, the existence of class struggle within a certain scope and the long existence of the corrosive influence of the exploiting classes, the struggle between the capitalist corrosive influence and the socialist countercorrosion forces will also be a long one. We must have a sober and full understanding of this situation. As Comrade Hu Yaobang pointed out, building and developing a cultural life are an important hallmark of our socialist society as distinguished from capitalist society and other exploitative societies of the past, as well as an important social, political and ideological condition for ensuring the future of our socialist economy and socialist society. A correct understanding of the relationship between material and cultural developments and simultaneous attention to both are the basic guarantee for the sustained advance of the four modernizations in the socialist direction.

Shanghai is an open city to foreign countries and has extensive international contacts which play a very effective role in promoting our friendship and economical and technical exchanges with peoples of various countries. However, it is also more susceptible to the corrosion of the decadent ideology and lifestyle of the bourgeoisie. Strengthening cultural development, therefore, is of profound significance in Shanghai. It is the common task of the various fronts to firmly uphold the four basic principles, to step up ideological and political work, and to combat the bourgeois liberalist tendency. In handling the relationship between politics and economy, we must resolutely put politics in command and ideology in a leading position, teach the broad masses of cadres and people to cultivate socialist and communist ideology, morality and attitude toward labor and a keen sense of organizational discipline, and to be law-abiding in order to serve the people and to contribute to the success of the four modernizations. In handling the relationships among the people, we must bear in mind the overall situation, stress principles and unity, show mutual respect and concern, and help one another. In our contacts with foreigners, we must foster our noble patriotism and internationalism and enhance our national dignity and self-confidence so that we will be neither arrogant nor obsequious. We must resolutely oppose any behavior that may debase our national and personal integrity. In handling the relationship between ideals and realities, we must firmly cultivate three confidences, namely confidence in the four basic principles, confidence in the party's line, principles and policies adopted since the Third Plenary Session of the 11th Party Central Committee, and confidence in the leadership

of the Party Central Committee. We must firmly believe in the unparalleled superiority of the socialist system and take a correct attitude toward the difficulties and problems in real life, neither cherishing naive illusions, nor feeling pessimistic or disillusioned in any circumstances. We must rally our spirit for hard struggles and courageously advance to make our country strong.

### III. This Year's Main Tasks

Fellow Deputies: In arranging our work for the current year in accordance with these guiding thoughts, we must ensure the successful completion of the tasks in industrial and agricultural production and in financial and other matters along with the material and cultural developments. We have already distributed copies of our reports on our views on the plans and arrangements for our economic development in 1982, on our final accounts and the draft budget for 1982 for your deliberation and examination. Here, I will report on our main tasks for this year.

First, organize industrial production in accordance with state plans and social needs and promote the steady growth of production. This year, our total industrial output value is planned to be 4 percent over last year's, including a 6 percent increase in light industry and 1.5 percent increase in heavy industry. Every effort will be made to overfulfill all quotas.

Our industrial production must be carried out in accordance with the spirit of the national conference on industry and transportation recently convened by the State Council, and every effort will be made to maintain a growth speed with good economic results. We will continue to vigorously increase the production of daily-use consumer goods and to systematically increase the production of durable consumer goods which are now short on the market, articles for children, new-style garments, foodstuffs (including drinks), daily-use chemical-industrial products, packaging materials, civilian building materials and various minor commodities needed in people's daily life. We will continue to readjust the service orientation and product mix of heavy industry, while the metallurgical and chemical-industrial trades should strive to increase the production of sheet steel, cold rolled strip steel, plastics, dyes, paints and other raw and semifinished materials. The machinery and instrument and meter trades should actively develop their production of machinery for the light and textile industries and new equipment for reducing energy consumption.

All industrial products should be in demand and of improved quality, increased varieties and new designs. Continued efforts should be made to protect the prestige of fine-quality and brand-name products. This year, we have decided to abolish the "life-long term" for fine-quality products, and those products which have already won fine-quality rewards must be evaluated again. Any product showing deterioration of quality will forfeit its fine-quality titles and its fine-quality certificates will be revoked. All commercial, foreign trade, banking, statistics and industrial-commercial administrative departments should further improve their market surveys, analyses and forecasts, provide timely economic information and help the industrial departments

develop their production in accordance with social needs and the changing markets at home and abroad. All industrial departments whose products are already excessive to the demand should resolutely curtail their production and actively switch to other lines of production according to state plans, or increase their exports. At the same time, after readjusting and reorganizing the existing enterprises, some plants should be retooled in organizing specialization and cooperation by setting up trans-trade and trans-regional economic integrations. The idle productive forces, particularly the empty and spare factory buildings of state farms, should be fully utilized to produce more easily marketable goods.

Each and all industrial departments and enterprises should strictly practice economy, oppose waste, and try hard to lower the production costs and the consumption of energy and raw and semifinished materials. This year, we plan to lower our production costs by 2 percent; this plan must be fulfilled by all means. At present, consumption of raw and semifinished materials accounts for 84 percent of our total industrial production costs. To fulfill our plans for lowering production costs, we should devote our efforts to the reduction of per-unit consumption of raw and semifinished materials. We must attend to two things: first, we must pay attention to the 200 and more backbone enterprises whose annual profits are more than 10 million yuan each. Second, we should adopt practical measures to lower the excessive production costs in the 594 enterprises. This year, we will strive to lower our energy consumption by an equivalent of 500,000 tons of standard coal. The municipal government has already worked out "Certain Rules and Regulations Concerning Energy Conservation in the Municipality" calling on all departments to carry out the task of energy conservation in all enterprises while attending to their production tasks. Realistic measures must be taken to increase production along with energy conservation.

In accordance with the policy that "efforts in grain production must not be relaxed while actively developing economic diversification," the leadership at various levels in the outlying counties must devote their main efforts to agricultural production and teach the cadres and commune members about the need to take agriculture as the foundation and to overcome the tendencies of slighting agriculture or leaving agriculture, so as to ensure sufficient labor power on the first line of agriculture. The land must be strictly controlled, and no unit, commune, production brigade or individual can make unauthorized use of farmland. The arrangement of crop patterns and the marketing of agricultural sideline products must be based on state plans, and the sales of planned collective products at the village fairs or unauthorized expansion of the scope of negotiated prices for agricultural sideline products must be prohibited. Production bases of nonstaple foods must be consolidated, and all categories of nonstaple foods must be marketed according to plans. Vegetable areas in the outskirts should be primarily intended for vegetables, and protection areas should be set up for the production of vegetables, so that adequate acreage can be assured for planting vegetables. Continued efforts should be made to increase the production of vegetables with regard to both quantity and quality, and varieties for a balanced supply on the market. While strengthening the development of agriculture and the sideline production, commune-run and production brigade-run industry should be readjusted and

reorganized in accordance with the municipality's plans of industrial development and the requirements of a rational geographical distribution. We should continue to run state farms well and to raise the capacity for comprehensive agricultural, industrial and commercial business operation.

We must rely on correct policies and science in developing agriculture. All forms of the system of responsibility already set up for agricultural production will not be easily changed as long as they are conducive to the development of production and the consolidation of collective economy and are supported by the cadres and people. We should sum up the experiences and continue to improve them. The counties, communes and production brigades at the outskirts are urged to streamline their finance and lower their production costs in order to help the collective and commune members earn more benefits. To boost agriculture, agricultural science and technology should be popularized, and the required research should be strengthened. We must energetically popularize the fine strains, carry out land surveys and auxiliary projects in water conservation, guard against pests in time, step up our precautionary measures against natural disasters, and promote intensive farming in order to raise the output per unit area. We should also adopt the system of technical contracts between the scientific and technical units on the one hand and the production units on the other. All trades and undertakings in cities should strongly support agriculture.

Third, reorganize enterprises by groups in different periods to strengthen their business management. In the past several years, the municipality did a great deal of work in reorganizing the enterprises. However, there are still signs of laxity among the leading bodies, chaotic management and poor economic results. In accordance with the decision of the Party Central Committee and the State Council on the all-round reorganization of all state-run industrial enterprises by groups and at different periods, the municipality has decided to begin our work among approximately 100 large and medium-size enterprises this year, and to dispatch investigation groups to assist in the work at the basic levels. The other enterprises should carry out their own reorganization in accordance with the spirit of the decision of the Party Central Committee and the State Council. Reorganization of either the selected or the other enterprises should depend on the cooperation of all the workers and staff members. We must strive to learn from the advance units and create more "six-good" enterprises--namely, good at considering the interests of the "three parties" (the state, the collective and the individuals); good-quality products; good economic results; good labor discipline; good at civilized production; and good in political work.

Overall reorganization of enterprises should begin with the leading bodies according to the requirements for the ranks of our cadres to be revolutionized, better educated, professionally more competent and younger. We should systematically promote to leading posts at different levels young and middle-aged cadres with good ideological, political and professional qualifications, strengthen the system under which the factory director assumes full responsibility under the leadership of the party committee, and the system of congresses of workers and staff members, and gradually set up a leadership system of democratic centralism.



In reorganizing the enterprises, we should continue to change and perfect the system of economic responsibility, improve the enterprise management, and pay attention to all-round planned management, quality control and economic accounting. This year, following the examples of the textile bureau, the metallurgical bureau and the light industrial bureau, seven other principal industrial bureaus in the municipality have adopted the system of whole profit-sharing on a bureau basis this year. In adopting the system of economic responsibility, all enterprises should have a better understanding of their economic responsibility to the state. Within the enterprises, the responsibilities of all functional offices, workshops and individuals should be clearly defined. The work of statistics should be well handled and control of first-hand data and production quotas should be rationally evaluated so as to implement the principles "to each according to his work." At the same time, labor discipline should be strengthened along with the system of rewards and punishments. Strengthening the financial and economic responsibility among the enterprises. All units should strengthen their financial management and cost accounting, perfect their accounting system, and strictly enforce the financial and economic laws. The financial, taxation and banking departments should conduct regular checks in order to play their functional roles of control and supervision.

At present, approximately one-half of the workers and staff members in the industrial enterprises, and approximately 75 percent of those working at the first line of products are young people. The cadres at all levels in the enterprises should carry out meticulous ideological work and encourage the young workers and staff members to do their own work well. We should continue to run various types of workers' schools well and carry out their technical training. Within this year, we must complete the belated education of some 200,000 young and able-bodied workers whose educational level is actually below that of junior middle school graduates. Training for cadres at various levels should also be continued in various forms.

To raise the level of enterprise management, we must rely on the science of management. In the past several years, some enterprises have practiced total quality control and used value engineering to improve their market information feedbacks and to help in their policy decisions with remarkable economic results. All industrial leading departments should sum up and popularize their experiences.

Fourth, we must carry out technical transformation selectively and systematically among the existing enterprises in order to raise their technical level in production. The State Council recently decided to carry out technical transformation selectively and systematically among the existing enterprises, and directed Shanghai to be one step ahead of others. In accordance with the State Council's direction, we must attach great importance to the work of technical transformation and equipment renovation among the existing enterprises in an overall plan and make every effort to carry it out. This is a strategic measure to revive Shanghai's industry and to improve the economic results.

Technical transformation of industry in Shanghai should be based on the market needs at home and abroad. Our aim is to increase the varieties of products, improve their quality, lower their production costs, and expand our exports. We should also adopt new technology, new work processes, new equipment and new materials so that the technical and economic indices of our main products will surpass or approach advanced world levels. In the near future, we should try to show remarkable results in the following respects: (1) Lower the consumption of energy and raw and semifinished materials. The focus of our work is to transform the low-voltage generating sets and to reduce the per-unit energy consumption among the heavy consumers in the electric power industry, and to increase intensive processing in the petrochemical industry in addition to discovering new energy resources. (2) Systematically adopt advanced techniques and highly efficient equipment mainly to develop daily-use consumer goods and the food and packaging industries by improving the production techniques and thus help to upgrade the products. (3) Improve the quality of basic parts and elements in the machinery, electronic and instruments and meters industries and develop new material industries. (4) Strengthen environment protection and the disposal of the "three wastes" in order to raise the level of comprehensive utilization of resources and to improve the working conditions of the workers.

The 300 and more projects proposed by the municipality for technical transformation and equipment renovation this year have been approved by the State Council, and we are now stepping up our efforts to carry them out in the hope that within this year, good economic results can be achieved for some of them. All trades and undertakings are called on to combine the transformation of enterprises with the readjustment, reorganization and transformation of the whole trades with a view to strengthening the weak links in the varieties, quality, and production technology; and to present their ideas and measures for the technical transformation of their own trade. While carefully attending to the key projects in technical transformation, they should at the same time pay great attention to technical innovations in other projects and encourage all workers and staff members to make rational suggestions or to carry out small-scale changes and improvements on a mass basis. The banks should find even better ways to accumulate funds, and then rationally extend short and medium-term loans to promote technical transformation among the enterprises. At the same time, we should make use of foreign funds to import advanced technology and key equipment to transform a number of small medium-size enterprises. We should also assimilate the technology imported in the past several years and put it to use.

To promote technical transformation, we have this year included all these and capital construction projects in a unified plan so that an overall balance can be worked out. In addition to the second stage engineering work for the Boashan Iron and Steel General Plant and the Shanghai Petrochemical Industrial General Plant, we must first ensure the completion of those projects designed to increase this year's production growth rate. There are 255 projects planned to be completed this year; completion of 97 of them and their being commissioned will increase our output value by approximately 1.3 billion yuan. All construction projects, from their earthwork to installation, and from the main to the auxiliary projects should proceed in close

coordination. While guaranteeing high engineering quality, the construction periods should be shortened in order that these projects can be turned into productive forces as soon as possible.

Fifth, expand economic and trade relations with foreign countries and develop economic integration at home. In accordance with instructions from the Party Central Committee and the State Council, we should sum up our experiences, broaden our vision, make full use of Shanghai's existing economic and technological base and port facilities, actively import advanced technology, utilize foreign funds, and develop various forms of international economic and technical cooperation in order to further develop our economic and trade relations with foreign countries. At the same time, we should further raise the technical and production levels of our industry and quicken our pace in harbor construction and city transformation.

According to our plan, the total value of industrial products to be procured for export this year will be more than last year's by 12 percent. To attain this goal, the production and foreign trade departments should more closely coordinate production with marketing, strive to produce more competitive commodities for the international market, including the high- and medium-grade light and textile products of high value which consume less energy and raw materials, require less land and transportation facilities, and calls for high labor intensity, traditional arts and crafts of new designs and native or special agricultural sideline products; and more mechanical and electrical appliances and metallurgical and chemical industrial products for export. We will increase the ratio of the exports of finished products processed from imported materials with the method of supporting exports with imports. Through competition and the examination of our goods on the international market, we will be able to produce more brand-name and fine-quality products, increase the designs and varieties, and raise the rate of foreign exchange earning.

Besides signing engineering contracts with foreigners and supplying technical services abroad in international labor cooperation, we can also undertake such jobs as processing imported materials, assembling imported parts and producing according to imported blueprints, or setting up joint venture abroad for the business in which we have strong points, and developing tourism. There are good prospects for developing these forms of economic and trade relations with foreign countries in view of the international market needs and the domestic advantages.

In importing advanced science and technology from abroad, the main job for us is to systematically import that advanced equipment or key parts which we cannot manufacture for the time being, the new and fine-quality materials, and the advanced science and technology. We should combine importing advanced technology with using foreign funds, and actively develop coproduction, joint venture, compensatory trade and leases.

We envisage the opening of several construction bases in the border regions between cities and the suburbs as the locations for absorbing foreign investments, producing goods for export, and developing economic and trade activities

with foreign countries. The municipal government is now drafting the plans and related policies and rules and regulations, and as soon as they are approved by the State Council, to which they will be submitted, we will proceed to develop these regions or establish companies, and work out plans for these regions. We will also work out the specific projects of cooperation with foreign investors and welcome people in the financial and industrial circles from Hong Kong and Macao to come to Shanghai for investment.

Beginning this year, there will be in Shanghai's system of foreign trade administration a dual leadership of both the central and the local governments, with the latter playing the main role, in accordance with the decision of the Party Central Committee and the State Council. Guided by the state's general and specific policies of united action in dealing with outsiders, we should strengthen the integration of industry and foreign trade, and develop multichannel business relations with foreign countries. We should sum up and popularize the "four integrations" and "two publicities" experiences of the Shanghai Silk Fabrics Company, and encourage the industrial and foreign trade departments to combine their efforts to expand their economic and trade activities with foreign countries. Since the main task in foreign trade will be gradually taken over by enterprises according to the orientation of restructuring, we should actively organize various forms of economic integration and establish a number of enterprises embodying industry-foreign trade integration and production-marketing combination with each party performing its own function and both sharing the benefits. In some trades, the form of combining industry with foreign trade with industry playing the main role can be adopted. Some large plants which are in a condition to handle business affairs with foreign countries can, after examination and approval, enjoy foreign trade rights. Some commodities can be dealt with by the foreign trade departments which can also serve as commission agents in exports.

While we are on the one hand expanding our economic and trade activities with foreign countries, we should on the other hand develop economic integration with fraternal regions under unified state plans. Shanghai has very close economic relations with the fraternal regions. Under new historical conditions, continued strengthening of these relations of socialist cooperation and the development of economic integration are a common need of Shanghai and the fraternal provinces, municipalities and autonomous regions. In developing economic integration and technical cooperation with the fraternal regions, we should, in accordance with instructions from the Party Central Committee and the State Council, pass on to the inland the production techniques we have mastered and the experiences of business management we have accumulated. At the same time, we should modestly learn from the advanced experiences of the fraternal provinces and municipalities. At present, we are organizing trans-provincial enterprises with the provinces concerned, and in future, we can adopt various forms, such as compensatory trade, joint venture, technical cooperation and sales coordination, for the integrated enterprises in developing our economic integration with fraternal regions. The municipal government has already set up special organs and assigned special persons with the responsibility to do this job well. We should also develop the consultation organs for the exchange of economic and technical information with the fraternal



regions, and for analyzing and studying the feasibility of specific projects.

Sixth, take even bigger steps in implementing the policy of combining science and technology with economics. In economic construction and social development, Shanghai has to further strengthen the study of applied science and technology and then develop and popularize them in order to promote the technical transformation of enterprises and to raise the level of industrial and agricultural production. This year, a total of 60 items of trial manufacture of new products, intermediate experiments, important scientific research, and experiments in industrial production in Shanghai have been included in the national scientific and technological plans. We should also selectively popularize the application of 30 research results in science and technology which have shown outstanding success, and organize our forces to assimilate 46 items of imported advanced technology. Suitable arrangements should also be made for the study of basic theories to be developed on a steady basis.

The integration of scientific research units and the production units should be strengthened. All scientific research organs, institutes of higher learning, and the various academic associations under the China Scientific and Technical Association should cooperate with the production departments in organizing joint forces to tackle key problems in production techniques and in scientific research involving important economic results. The scientific research and design departments should take good care of the work of transferring and popularizing the research results in science and technology, including the transfer of proprietary technology with royalty, and technical consultations, in order that science and technology will be transformed into productive forces as soon as possible. The present scientific and technological institutes or laboratories under the bureaus, companies and plants of the production departments should be turned into technology development centers of trades or enterprises. This year, the municipality has decided to apply flexibly the rules and regulations concerning the inclusion of trial production expenses in the production costs in order to support the production department in trial producing new products.

One outstanding problem now is that although Shanghai has a fairly strong scientific and technical force, the personnel is not evenly distributed among different departments, with the result that many urgent problems emerging in the course of production among some units, especially the small and medium-size enterprises, cannot be satisfactorily solved. At the conference for scientific and technological cooperation and exchange recently held in the municipality, the scientific research and the production units signed more than 350 technical contracts for tackling key problems, and more than 400 contracts for the popularization of research results, thus setting good examples of close cooperation between science and technology on the one hand and production on the other. We should continue to add more features to, and expand the scope of scientific and technical exchange and cooperation. To give full play to the role of our present technical personnel and to put the intellectuals to good use, we must conscientiously implement the intellectual policy and pay particular attention to the middle-aged intellectuals, who are

now undertaking arduous tasks, by helping them solve their real problems in work, study and livelihood. We must organize a rational circulation of talents under leadership so as to strengthen the technically weak units. The technical cadres of the municipal scientific and technological commission are now drafting the rules and regulations for the exchange of technical personnel. All departments and units in the municipality should bear in mind the overall situation and promote this type of work.

Recently, scientific and technical consultation services have been set up in Shanghai. This is a new way to make use of the intellectuals' special skill to serve society and production effectively, and should be energetically promoted. All specialized personnel should willingly help solve the urgent problems of the technical departments, carry out economic and scientific-technical forecasts, conduct study in economic and technical policies, strengthen the work of economic and scientific-technical information, and serve as good advisers to the leadership at various levels on questions of technical and economic policy decisions. The social science departments, on their part, should provide research results of practical guiding value to the direction of economic and social developments, the solution of important problems of economic theories, and other tasks.

Seventh, step up the transformation and construction of the city and improve its overall function. Despite certain progress in city construction in the past several years, sustained efforts are still necessary to bring about a basic improvement. Hereafter, we must broaden our vision, and instead of confining it to the city proper, we should expand it to encompass the entire municipality of more than 6,100 square kilometers. In coordination with the economic development in Shanghai's neighboring areas, we should work out comprehensive plans and adopt various effective measures to gradually solve the problems of discrepancy between city construction and economic development, and to promote the harmony between economy and society, between the city proper and the outlying counties, and between production and livelihood in the course of development. We have already prepared a draft of the outline of plans for the entire municipality in which we have pointed out the characteristics of the city, and the scope and direction of its development, and included the various special plans and our views on these plans for the near future; and handed over this draft to the congress along with a solicitation for the opinions of the Fellow Deputies. When we have completed the general rules and regulations for Shanghai city, which has to be compiled by the various departments in the municipality, we will submit it to the Standing Committee of the municipal people's congress for deliberation and examination before submitting it to the State Council for approval.

For city construction and transformation in the future, the following aspects of work should be stressed.

For housing, we plan for 3 million square meters of floorspace to be completed this year. If possible, we will do our best to complete more. The housing area should be gradually increased in the next several years. Our main task at present is to develop and improve the 12 small residential areas at the outskirts, including the development of commerce, culture, education, public

health work, public utilities and other supplementary construction in these areas, which, when completed, will be able to accommodate more than 700,000 people. We should systematically rebuild the crude and dangerous buildings, and build a number of convenient houses. All newly built houses should be adequate for the number of occupants. We also support all units in building their own houses, encourage all areas to raise funds for altering or building their houses, and help individuals to build their own houses. We will carefully attend to the work of allocating the houses completed last year and this year carefully and with particular consideration for the families having housing difficulties and the married couples not yet having any place of residence. We should continue to implement the policy on private housing, taking into consideration the requirements in various aspects. Housing construction in the countryside should be carried out according to plans and designs, while support and assistance should be given in the supply of building materials. We will work out a 10-year housing plan and reform the housing system in order to accelerate the progress of housing construction.

As for municipal public utilities, there will be a number of large and medium-size engineering projects to be started or prepared this year. The main projects are the construction of the second tunnel across the Huangpujiang River, the long-distance communication mansion, the new railway passenger terminal, a large gas plant, the Pudong Water Supply Plant, and the repairing or widening of the Jungong Road, Changzhong Road, Yixian Road, and Siping Road. We have to strengthen the purification of tap water in order to gradually improve the quality of drinking water. The systems engineering projects for drainage, numbering more than 10, should be carefully attended to, while the jetties, flood-prevention walls, dikes and other engineering projects must be completed before the flood season. The present facilities must be further consolidated as an effective precautionary measure against typhoons and floods.

As for communications and transportation, our main tasks are the transformation of old harbors, the planning for new ones, and the increase of berths; preparations for enlarging the marshalling yard of the Nanxiang Railway and the technical transformation of the Shanghai section of the Shanghai-Hangzhou Railway; and planning for the construction of express lines connecting Shanghai with its satellite towns, including Minxing and Wusong. Continued efforts should be made to improve the dispatching of public transportation vehicles, to popularize the staggering of workshifts, and to handle the workers' "two readjustments." More vehicles should be added to the public transportation fleet, the ratio of tramcars should be raised, new routes should be opened and more stops could be set up in order to alleviate the present traffic congestion. This year, we will try to build multilayer intersecting pedestrian bridges at the bund of Yanan Dong Road and the Jinganji Road so as to improve the vehicle traffic.

In environmental protection, our main task is to control pollution. Of the 306 "three-waste" pollution sites which have caused sharp contradictions with the residents, our efforts throughout last year have brought 92 of them under control, and continued efforts are still necessary in dealing with the others.

As to the pollution caused by the discharge of organic contaminated water from the paper mills and the chemical-industrial and leather processing plants along the Suzhou Creek and the Huangpujiang River, we are studying the cases individually and will adopt suitable measures of disposal. Plans for controlling these two rivers are also being systematically studied. Conversion of the open drains into underground sewage pipes for the contaminated water in the southern areas, and the building of sewage treatment plants in Quyang and other localities are being stepped up, in addition to other measures necessary for environmental health. The problems of transforming the tap water supply plants, building new public latrines, and the treatment of urban pollution should all be realistically solved.

As for tree-planting, we plan to build windbreaks, fruit trees and timber groves along the river banks and seacoast, and hope that in a few years a green protective screen will be gradually formed. All available space in the city proper should be used for planting trees, flowers or grass, so that by 1985, the forest cover will be raised from the present 8.19 percent to 9.72 percent, and the average green area for each person will be increased from 0.44 square meters to 0.7 square meters. The scenic spots in Longhua and Dingshanhu and the famous places with historical relics in Jiading and Songjiang should be further improved so as to increase the number of tourist attractions.

The construction and transformation of cities and the transformation and development of industry and transportation all have an urgent demand for a big development of the building materials industry and the construction trade. The building materials industry is still a weak link, and plans should be worked out for its development. Right now, serious efforts should be made to increase the annual output of cement, plate-glass and toilet ceramics. Coal ashes and slags should be utilized for producing materials to be used for making walls, and further efforts should be made to develop the production of aluminum alloy, construction plastic, glass fiber reinforced plastic, other new building materials of light weight and high tensile strength, paints and small hardware, to gradually change the product mix of building materials, and to increase their varieties. At the same time, we should develop the construction industry so that construction units will be run in the form of enterprises in many different ways, and houses can be sold as commodities in line with the requirements for restructuring.

Eighth, stabilize market prices and create more job opportunities. This year, we will continue our efforts in solving some outstanding problems. We have already dealt with the problems of housing for workers, public utilities, public transportation and environment protection. Now, we will dwell at some length on the problem of market prices and employment.

Good market supply is an important factor in the improvement of people's livelihood. At present, commodity supply on the market in Shanghai is gradually becoming stable. However, there is still a certain disparity between social purchasing power and the availability of commodities. The most basic means to solve this problem is to increase production and the supply of commodities.



The commercial departments should actively support production, look for sources of readily marketable goods, arrange for the supply of nonstaple foods, clothing, daily-use industrial products and various minor commodities, and improve the quality of their service to meet the needs of consumption. They should transfer daily-use industrial production to different places and bring in agricultural and sideline products according to state plans. All trades and undertakings should resolutely implement the State Council's notice on stabilizing commodity prices on the market, and be sure to keep the prices stable. They are not allowed to raise prices without authorization or in disguise. As to the losses incurred in the implementation of certain policies, we will continue to solve the problems through financial subsidy or by readjusting the relations of interests among different enterprises. The business departments must strive to lower the production costs, reduce the intermediate links in circulation, and curtail their operating expenditures. Continued efforts should be made to strengthen the control over the country fairs, and timely action should be taken to set price ceilings for some main nonstaple foods. Administrative intervention may be used as a means of price control. We must deal resolute blows on such illegal activities as driving up prices, speculation and profiteering so as to enliven and stabilize the markets in the urban and rural areas.

This year, the municipality has to give jobs to 250,000 persons, and this task is still an arduous one. In accordance with the State Council's policy and guided by the state's overall planning, we will combine the recommendations from the labor departments with the collective efforts organized by the masses on a voluntary basis and individual efforts in seeking employment, and continue to establish cooperatives with independent accounting and responsibility for profits and losses. We will also organize labor service teams and develop household handicrafts, and suitably promote individual economy so as to increase the opportunities for individuals to look for their own jobs. All departments should closely cooperate to develop collective undertakings in the cities, and give support and preferential treatment to these undertakings with regard to the scope of business, sites of operation, sources of goods, taxation and funds. The job-awaiting people should be encouraged to join the municipal administration, and the construction and service trades. There are many opportunities for labor service in the municipality. As long as active leadership is provided and more avenues are opened, it will be possible for us to solve the employment problem.

To ensure the gradual improvement of people's livelihood, we must control the population growth. We must unswervingly keep up the propaganda and education in late marriage, late birth and reduced births, encourage couples to limit themselves to a single child, restrict the practice of having two or more children, and make every effort to readjust the peak periods of birth in order to keep the birth rate at a reasonable level. This year, the birth rate in the municipality must be kept below 2 percent, and the rate of applications for single-child certificates should be maintained at a 90 percent level. Governments at all levels should provide active leadership in family planning, work out and earnestly carry out the population plans, and run nurseries and kindergartens well.

The third national census will be conducted this year. This is an important matter affecting millions upon millions of households and is of great help to us in understanding the national conditions and resources, carrying out the four modernizations, controlling the population and improving people's material and cultural lives. The municipal government has already made the necessary arrangements, and we must satisfactorily complete this task in accordance with the stipulated schedule and other requirements set for the whole country.

Ninth, conscientiously improve our work in education, public health and sports in order to raise the people's cultural and physical level. Higher education should be based on our need for people of talents, and necessary readjustment and reforms in the special equipment and substance of teaching should be carried out. Besides the graduating students from the senior middle schools, the institutes of higher learning this year plan to enroll some worker students for the law, economics, enterprise management and other specialized courses, and suitable reforms will be carried out regarding school ages and methods of examination. All institutes of higher learning should fully tap their resources and help the enterprises train technical and management cadres. Right now, it is particularly necessary to train a large number of high or medium-grade scientific and technical personnel, economic management personnel, and foreign trade personnel with practical experiences. Continued efforts are to be made to consolidate secondary school education, to improve its structure, and to develop vocational education. Secondary schools in rural areas should include the subjects on the rural policies and scientific and technical knowledge in their curricula. All elementary schools and kindergartens should be well run. Since elementary and secondary school education is the basic education, we must pay great attention to its quality, and the one-sided drive to get bigger percentages of students into higher education should be overcome. Care must also be taken to reduce the students' excessive workload. We must also strengthen the teachers' ranks by organizing various forms of vocational training so as to raise the level of the teachers' political quality and vocational ability. All schools should carry out the party's education policy, strengthen the ideological and political work among the students, strictly enforce the students' "rules" so that there will be an all-round intellectual, moral and physical development.

In medical work, we must continue to uphold the "prevention first" policy, guard against all infectious diseases--mainly intestinal infection--and launch the patriotic public health campaign. Medical skill in Shanghai is quite high. However, because of the increasing pressure of work, both the conditions and the quality of treatment are inadequate for people's requirements. We must continue to streamline the hospitals systematically, improve the system of job responsibility for the medical personnel at all levels, strengthen education in medical ethics, and improve the quality of treatment. This year, we will carry out experiments in restructuring the system of leadership and control over the collective medical and sanitary system. We will also gradually improve the hospital facilities and plan to add 1,800 beds this year. The departments of gynecology and maternity will be further strengthened, and better medical facilities will be provided in some locations. The hospitals under favorable conditions should provide pediatric treatment.

Mass sports should be extensively developed, especially in schools, in order to improve the young people's physical condition and to raise the sports level of the municipality. We encourage the sports personnel and coaches to give better performances in the seventh municipal sports meet and in the national and international tournaments. In 1983, the Fifth National Sports Meet will be held in Shanghai. We are now proceeding with various material preparations, including preparations for the sites of tournaments.

Tenth, vigorously propagate cultural work and create a social atmosphere of civilized courtesy. The cultural and art departments should uphold the party's leadership over literature and art, and the principle that literature and art should serve the people and socialism. They should earnestly carry out the "double-hundred" [let a hundred flowers blossom and a hundred schools of thought contend] policy, liberate their minds and be courageous in innovation. They should oppose the bourgeois liberalistic tendency which deviates from the four basic principles. The literary and art workers should be encouraged to go deep into the realities of life and to be familiarized with these realities so that they can draw nourishment from them and use their talents in depicting the contradictions and struggles in real life and create the artistic images of advanced people in the socialist modernization. They should produce more creative works with healthy ideological contents and unique artistic styles that are welcomed by the masses. Their works should include feature films, documentary films on scientific topics and cartoon films as well as TV dramas. They should also create and stage a number of modern, historical and traditional theatrical works of fine quality and foster the development of folk music and folk dances. All cultural troupes should more enthusiastically serve the basic level units by frequently visiting the plants, the countryside and the army units to provide guidance to mass cultural and art activities and to enrich the masses' cultural life.

The newspapers and periodicals, broadcasting and television should step up the propaganda on Marxism-Leninism-Mao Zedong Thought and on the party's line, principles and policies. They should also strongly publicize the two developments, praise the good people, good deeds and good ideas, criticize those ideas and behaviors which disregard cultural life and socialist morality, and disrupt public order; and encourage people to forge ahead. Continued efforts should be made to develop and improve the publications and particularly the reading matter for strengthening political theories, for the countryside, for the popularization of science, and for the young people and children.

The "National Socialist Ethics and Courtesy Month" which has just begun this year is a powerful measure to institutionize the "learn from Lei Feng" and the "five stresses and four points of beauty" activities on a mass scale. The people in Shanghai have done a great deal of work and made great achievements in solving the problems of the "filth, disorder and poor results" during this "National Socialist Ethics and Courtesy Month." We must conscientiously sum up our experiences and keep up these activities for a long time to come so that the "five stresses and four points of beauty" will gradually become a conscious mass action. Among the masses, particularly the young people, we must extensively carry out education in the "three cherishes," namely, cherish the motherland, cherish the communist party and cherish socialism,

and encourage them to learn from Lei Feng, to create a new atmosphere and to become the vanguard in striving for cultural development. At present, we should further improve the system of environmental health and propagate and follow the "Handbook of Public Health for Residents in the Municipality," so that there will be a marked improvement in the unsanitary sections and slum areas. Through the unwearied efforts of people throughout the municipality, we are confident that we can certainly build Shanghai into a clean, neat, civilized and courteous city.

Eleventh, resolutely crack down on illegal and criminal activities and defend the socialist system. To crack down on illegal and criminal activities in the economic sphere is an overall long-term struggle which is vital to the success or failure and the prosperity or decline of our party, our state and our socialist cause. We must seriously attend to this central task this year. In the economic sphere at present, smuggling, selling smuggled goods, speculation, fraudulence, graft, plundering large quantities of state-owned goods and other illegal and criminal activities are very serious, and have in some cases become appalling. If we fail to concentrate our forces to wage resolute struggles against this adverse current, it will certainly seriously corrode the ranks of our cadres, endanger our state apparatus, poison people's minds, pollute the social atmosphere, undermine our economic construction and jeopardize our stability and unity. Before liberation, Shanghai was the "paradise of adventurers"; and in the 10 years of turmoil, it was the lair of the "gang of four." We can never underestimate the corrosive ideas of capitalism and the poisonous effects of the "gang of four." In the past several years when our country kept our doors open to foreign countries and adopted policies to enliven the economy at home, some people took this opportunity to collude with foreigners in various illegal or criminal activities in the economic sphere. Under these new and complex conditions, some people with weak minds in the ranks of our cadres have been hit by "sugar-coated bullets." From the data we have collected, we have discovered scores of serious cases of such nature. We must fully recognize the seriousness of these illegal and criminal activities and the dangers they can cause, and unswervingly carry the struggle against capitalist corrosion through to the end.

In waging this anticorrosion struggle, we must completely take the mass line, conduct careful investigations and study, pay special attention to the key points and act vigorously in handling all the major and serious cases. In dealing with the cadres, particularly the responsible cadres, who have committed serious crimes, we must carry out thorough investigations and mete out swift and severe punishment according to law. We must never be soft-hearted or hesitant, and must never tolerate these crimes or shield these offenders. As for those who have committed mistakes of a common nature, and who have admitted their mistakes and returned stolen money and other stolen property, lighter or no disciplinary action will be taken, depending on the circumstances.

Recently, the Standing Committee of the National People's Congress adopted a "Resolution on Heavily Punishing Serious Economic Criminals" which will become effective on 1 April. All those who have committed crimes before that day will turn themselves in before 1 May; and those who have been arrested and



have made a clean breast of their guilt, or even helped in uncovering their accomplices, will be dealt with in the way before the implementation of this resolution. Failing to do so will mean that they are continuing their criminal activities and that they will be severely punished. We must give wide publicity to this important resolution so that it will be known to every household and everybody. The economic criminal should quickly wake up and surrender to the authorities in the hope for leniency.

Twelve, implement the "comprehensive control" policy to bring about a marked improvement in social order. Shanghai's social order has gradually improved, but has not taken a fundamental turn for the better. We should continue our efforts to strengthen "comprehensive control" in social order, and all departments are urged to cooperate closely in publicizing the socialist legal system, in strengthening security control, in popularizing the systems of responsibility for security according to different conditions, and in strengthening security organizations at the basic levels so as to bring into play the role of the masses in preserving peace and order. Particular attention should be paid to the education, persuasion and redemption of misguided youths. All units should combine the enforcement of discipline with the improvement of workstyles in plants, stores and schools in order to maintain good internal order. The masses should be guided in handling contradictions among people and to prevent problems in love affairs, marriages, family quarrels and neighborhood feuds from intensifying the contradictions. Efforts should be made to solve the problems in their incipient stage.

We must rely on the masses in promptly dealing with criminal activities and in combating subversive activities by the antisocialist elements. The public security organs should closely cooperate with the judiciary and procuratorate, and continue to swiftly and heavily punish the small number of active criminals in cases of homicide, robbery, rape, and criminally caused explosion and arson which seriously disrupt social order. They must also punish the small number of counterrevolutionaries according to law, and resolutely attack, divide and demoralize the remnants of the Lin Biao-Jiang Qing counterrevolutionary clique. All reactionary and obscene books, magazines, pictorials, recording tapes and videotapes are strictly banned and should be confiscated, while all superstition, swindling and gambling are forbidden. By further improving the social order, we will be able to ensure the smooth progress of economic construction.

#### IV. Improvement of Government Work

All the arduous tasks now confronting Shanghai must be fulfilled. Despite our achievements last year, there are still many shortcomings and problems in government work, mainly because we did not systematically arrange our work in an all-round way; we failed to conduct meticulous investigations and study in certain problems; our policy decisions are not prompt enough; the measures we took are not forceful enough; the leadership's work was not thorough enough; and our work efficiency was low. We must develop our achievements, overcome our defects, and further improve our workstyle.

At present, most government organs are overstaffed with multitiered departments. This seriously affects work efficiency. The Party Central Committee and the State Council have treated the simplification of administration as an important task this year. Instead of being purely a matter of reducing or merging the departments or a matter of coming and going of personnel, this task means a reform of those parts of the government structure which are incompatible with the economic, cultural, and various other construction requirements and an in-depth revolution in the system. Simplification of the municipal administration will begin next year in accordance with the State Council's program of action, and we must be well prepared for it this year.

We should further improve the system of job responsibility for all government personnel so that every person will be responsible for some task and the role of the functional departments can be brought into play. The work of government functionaries should be periodically evaluated through mass comments and organized examinations. Those whose work performance is good should be commended; those whose achievements are outstanding should be rewarded or promoted; those who are lax and indifferent to their work should be criticized; and those who have seriously neglected their duties should be disciplined in a way consistent with their responsibility. All cadres who have violated the laws or committed crimes should be punished according to law. Cadres at all levels should always remember to serve the people and to be responsible to the people, and be aware that nobody can have any special right to work for private gains. Under the present new historical conditions, we must develop the spirit of forging ahead, and while boldly carrying out innovations in a realistic way and doing our best to fulfill our duties as practical workers, we should also resist corrosion and remain immune from its influence forever. We should be law-abiding, serve the public honestly, and plan an exemplary role.

Leading cadres at all levels should overcome bureaucratism, conscientiously improve their workstyle and go deep into realities for investigation and study. In handling important issues, they should make a scientific forecast and arrive at scientific policy decisions on the basis of a comprehensive analysis and full confirmation. In handling basic-level work, they should exercise full leadership and provide separate guidances so as to solve the problems at the basic levels. As for the way to turn enterprises into genuine economic entities, they must carefully study and sum up the present good experiences, systematically improve them and explore more methods for carrying out the separation of government administration from enterprise management in future.

We must constantly listen to people's views and rational suggestions, understand their demands, be concerned with their hardship, and accept their supervision. We must carefully attend to their letters and personal calls and conscientiously solve various problems by seeking truth from facts. We should also continue to carefully handle the problems left over in history.

The legal system should be strengthened, beginning with administrative and economic legislation so that there will be laws and rules and regulations for

people to follow. This year, we will formulate specific measures to be implemented on the basis of the various rules and regulations issued by the state. Proceeding from realities, we should also work out measures for the requisition of land, the tearing down of houses and the relocation of families, and draft rules and regulations for environmental health, the prevention of environmental pollution, the protection of vegetable-growing areas, the transfer of proprietary right with royalty, cultural and art performances, labor protection and so forth so that all types of work will gradually be governed by law.

In the past year, the cadres of neighborhoods, lanes and alleys in various districts and counties worked diligently, steadfastly and uncomplainingly. They have done a great deal of work and made very great contributions in promoting stability and unity, in giving jobs to job-awaiting youths and in taking care of their daily life. However, there are still some basic level units which have not been well organized, and we must continue to staff them with young and health comrades. At the same time, we should give the basic-level organizations adequate power and let them solve the problems within their jurisdiction, so that they can keep close contact with the masses and bring about a closer relationship between the government and the people.

There are many new conditions and new problems in real life, and we must study and solve them. We should also learn about modern science and technology and management and then make use of our knowledge. It is therefore necessary for us to intensify our study. First, we must step up our restudy of Marxism-Leninism-Mao Zedong Thought, and the study of Comrade Mao Zedong's philosophical works, the series of important speeches recently delivered by the leading comrades of the central authorities and Comrade Chen Yun's economic works. We should also study the "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China" and Premier Zhao Ziyang's report on "The Present Economic Situation and the Principles for Future Economic Construction." The cadres should be trained in various forms by groups and in separate periods, and organized to acquire more vocational and administrative knowledge so that their ideological, policy and work level can be further raised.

The municipal government is now studying and compiling the Five-Year Plan for the economic and social development of Shanghai. In light of realities in Shanghai, we will strive for further progress and breakthroughs in these four aspects of our work: industrial technical transformation; expanding our economic and trade relations with foreign countries and developing economic integration at home; strengthening our city transformation and construction; and training our personnel. These four aspects are interrelated, and our success in this work will enable Shanghai to make a good start in its economic construction.

Fellow Deputies: The patriotic united front is an important "magic weapon" guaranteeing the success of our socialist modernization. All democratic parties and groups, nonparty democratic personages, and patriots in various fields have played a positive role in our political life and economic and cultural construction. We should step up the reeducation in the united front

among cadres at all levels. In their work, they should fully respect and carefully listen to the views of people in various circles, and give full play to their respective roles. We must continue to implement the party's nationality policy, overseas affairs and policy and religion policy. In accordance with the principle and policy on Taiwan's return to the motherland and the peaceful unification as further expounded by Chairman Ye Jiangying and with the spirit of Comrade Hu Yaobang's speech delivered at the rally celebrating the 70th anniversary of the 1911 revolution, Comrade Chen Guodong [7115 0948 2767] said in his speech delivered in Shanghai on the same occasion: We welcome our Taiwan compatriots' return to Shanghai to visit their relatives and friends, or for sightseeing; welcome the return of those--who formerly left Shanghai for Taiwan--for permanent residence in Shanghai, and guarantee suitable arrangements for them including their freedom in coming and going; welcome people in the industrial and commercial circles in Taiwan to come to Shanghai to carry out their economic and trade activities; welcome people in the scientific and technological, cultural and educational, and sports circles in Taiwan to come to Shanghai to carry out academic exchanges, sports contests, artistic performances and other activities; and suggest that the navigation and transportation departments in both Taiwan and Shanghai quickly establish contacts and hold discussions on the early restoration of transportation services. We must make every effort to do our work well in various aspects and to contribute to the unification of the motherland. We should also actively promote our work in foreign affairs in order to better serve our socialist modernization, to oppose hegemonism, to develop an international antihegemonism front, and to preserve world peace.

The trade unions, Communist Youth League, Women's Federation, All-China Federation of Literature and Art Circles, China Scientific and Technology Association, All-China Federation of Industrialists and Businessmen, All-China Federation of Returned Overseas Chinese, Taiwan Compatriots Friendship Association and other mass organizations should join and be united with the masses in carrying out effective activities according to their own special characteristics. We should rely on them, support their work, and earnestly hope that the mass organizations at all levels will continue to assist in government work and play a more active role in material and cultural developments.

The PLA is a strong pillar in the people's democratic dictatorship. We must further strengthen army-government unity and army-people unity, and actively carry out the "support the army and give preferential treatment to army dependents" activities. We must continue to readjust the militia organization, intensify education in national defense, step up military training and strengthen the army-people joint defense in order to achieve new success in the two developments, in preparedness against war, and in the preservation of social order.

In the past year, the Standing Committee of the Municipal People's Congress and the Standing Committee of the Shanghai chapter of the Chinese People's Political Consultative Conference separately organized the deputies of the National People's Congress and the Municipal People's Congress in Shanghai, and the members of the CPPCC and its local chapter to inspect and examine our

work on many occasions. These people have offered their constructive views and suggestions as well as to-the-point criticism. This is a strong encouragement to us and an active supervision over our government's work. This is our report on government work, and after examination, deliberation and approval by the congress, we will act on it and then sincerely hope that everyone will continue to supervise and inspect our work.

Fellow Deputies: This should be the year to enhance our morale in our hard struggle to make progress and even greater achievement. Under the leadership of the CCP, let us hold high the banner of Marxism-Leninism-Mao Zedong Thought, unite as one, struggle hard and continue to strive for both material and cultural developments in Shanghai.

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CSO: 4006/419



## FINANCE AND BANKING

### OBSERVATION OF CURRENCY CIRCULATION DURING READJUSTMENT DISCUSSED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 3, 4 Feb 82 pp 5-6

[Article by Wang Zingbin [3769 1987 1755]: "How To Observe Currency Circulation During the Period of Economic Readjustment"]

[Text] In the past several years, particularly since the 3rd Plenary Session of the 11th Party Central Committee, the readjustment and restructuring of our national economy have brought profound changes in the structure of our industrial and agricultural production, the composition of the systems of ownership, the channels of commodity circulation and the demands for production and daily life consumption. These changes are reflected in currency circulation. Under these new conditions, there are many views on the way to observe currency circulation. Some comrades hold that the money in circulation has decreased instead of increasing, the reason being that since there is an unprecedented abundance of commodities on the market and many items are now liberally supplied, many goods cannot be sold, and brisk sales have turned sluggish; and that commodities are also abundant in the country fairs. Others hold that the money in circulation is still too much, the reason being that the goods on the market, though increased, are still inadequate for the increased social purchasing power; and that the increase of goods has also brought with it an increase in the number of negotiated prices, so that the prices as a whole have increased. Different views have led to different conclusions, and the formulation of different principles and policies. Therefore, how to observe currency circulation during the period of readjustment is a very important question.

On this question, my idea is that we should observe from both the macroeconomic and the microeconomic points of view. In other words, we must note the overall statistical numerical data as well as the typical way of real life. If the conclusions obtained from both methods can be reconciled, we will be able to have a more comprehensive view and our judgment will be more accurate. As for the method of combining macroeconomics with microeconomics in our observation, I would like to present six ideas as follows:

First, we have to observe how the major ratios in the national economy have been readjusted. In the case of the ratio between accumulation and consumption, for example, the accumulation rate was too high in the past and, according to historical experiences, it would be better to set it at approximately 25 percent. Since 1979, the readjustments of prices of agricultural products and the wages of workers and

staff members and the curtailment of the scope of capital construction have all been carried out for the purpose of raising the consumption ratio and lowering the accumulation ratio. As things now stand, this proportionate relationship is developing in the good direction. Now, let us look at the ratios between agriculture, light industry and heavy industry. For many years in the past, the priority order of agriculture, light industry and heavy industry we talked about was in fact that of heavy industry, light industry and agriculture. The light industry concentrated in Shanghai has made very great contributions, but the equipment used is outdated and in a run-down condition. On the contrary, the plants and mines for heavy industry were very large, full of "national pride," and under various favorable conditions. Since the readjustment of the ratios by the Party Central Committee and the State Council at the 3rd Plenary Session of the 11th Party Central Committee, the ratios of both agriculture and light industry have been raised, and this is the decisive factor in the improvement of the market. However, there are still certain irrational elements in the internal structure of industry and further readjustment is necessary. If the basic proportionate relationships in the national economy are not in harmony, currency circulation cannot take place under normal conditions. This is only natural, and a temporary phenomenon. The proportionate relationships are not developing in a harmonious direction, and we should continue our efforts in carrying out further readjustment.

Second, we have to observe the balances between state revenues and expenditures, between credit receipts and payments, and between commodities and purchasing power. Financial deficits are now being gradually reduced, but have not yet been wiped out. In 1979, the deficit was 17 billion yuan; in 1980, 12.7 billion yuan; and in 1981, expected to be reduced to 2-3 billion yuan. The situation of state revenues and expenditures is now improving, but the problem has not been solved. The disparity between commodities and purchasing power has been reduced, but there are still many discrepancies in the composition of commodities. Commodities as a whole are not in short supply, but there are serious problems with their composition. Some of them are not wanted by the masses, but those wanted by the masses are either not available or not enough. The consumer goods imported in the last 2 years have greatly reduced the pressure on the market. However, these goods were imported under conditions of an unfavorable foreign currency balance, and thus increased the state's foreign debts. We used part of the foreign exchange to import some grain and sugar to alleviate the strain on the market. The state has procured less and the peasants have retained more of their products. However, we have to rely on foreign debts to do this, and foreign debts must be repaid.

Third, we have to observe how commodity prices are changing. In the past 2 years, namely 1979 and 1980, commodity prices increased a great deal. In 1979, there were the planned regulated prices. Later, many quoted prices or negotiated prices were increased. Commodities sold at negotiated prices in particular continued to increase and there were large differences between quoted and negotiated prices. Now the prices have been stabilized, only because of their being frozen by a State Council document. However, the irrational elements of prices have not been removed, and once the control is relaxed, the prices of many commodities will rise again. When the procurement prices for grain were first raised, the peasants were happy. Later, the procurement price for cotton was raised and people complained that it was unwise to grow grain. Thus the state was forced to make a further

readjustment. The problem of pricing is a very serious one, because a slight mistake may cause a chain reaction. It will take several years for it to be gradually solved. As long as it remains unsolved, there is always some latent element of price instability. Now the procurement prices of agricultural products have been increased, but the selling prices of only eight varieties of nonstaple food have been increased, and those of grain, cloth and edible oil remain unchanged. The losses incurred because of higher buying than the selling prices are subsidized by the state. This is good for the people, but adds to the state's financial difficulties.

Fourth, we have to observe the changes in the speed of currency circulation. Since the 3rd Plenary Session of the 11th Party Central Committee, there have been certain new changes and new elements, and the "historical numerical data" for the ratio between the amount of currency in circulation and the volume of retail sales used in the past had to be readjusted. However, they can still be used as an important yardstick in the observation of the conditions of currency circulation. As to the method of readjustment, we are thinking of adding the country fair transactions to the total retail sales volume, find out the new elements causing the slow-down in currency circulation, and take them into account in working out some criteria for our observation and measurement. Furthermore, we can observe some more supplementary numerical data. For example, we can compare the amount of currency in circulation with the national income, because the national income represents the net output value, and the output value of the current year, and therefore these can be used to explain certain problems. We can also add part of the bank deposits to the money in circulation on the market as the total amount of money in circulation to be compared with the national income, and try to discover some pattern. Under present conditions, the use of cash alone as a means of measurement is not enough.

Fifth, we have to observe the conditions of supply and demand among some principal commodities. A balanced purchasing power should be observed not only according to the total amount, but also according to its structure. If the total amount is balanced and the structure is appropriate, then the currency circulation can take place under normal conditions. The conditions of supply and demand can be observed from the following aspects: liberal or restricted supply. Liberal supply shows the abundance of commodities, and restricted supply shows their shortage. Brisk and sluggish sales: Sluggish sales show insufficient purchasing power among the masses or unwanted goods on the market, while brisk sales show the strong purchasing power and the suitability of commodities to market needs. Selective purchase and panicky purchase: The former shows the abundance of commodities while the latter shows people's fear of further price increase instead of their excessive cash on hand. If the commodity prices are stable, people will feel at ease and be willing to have savings deposits. Therefore, our observation of currency circulation should also include the savings deposits. At present, there is an urgent need for industrial goods to be brought to the countryside. Commodities are now fairly plentiful in the cities, and the discrepancy between commodities and purchasing power is comparatively less. This discrepancy is, however, keenly felt in the countryside where the increase of commodities is far behind the increase of the peasants' purchasing power.

Sixth, we have to observe the composition of people's receipts and payments of money in the cities and the countryside. In China, 82 percent of the currency in circulation is in the hands of the rural and urban population, and only 18 percent is kept by groups or units. The main portion of retail sales is to the urban and rural population. Therefore, the correspondence between currency circulation and commodity circulation mainly depends on the correspondence between the supply of commodities and the purchasing power of the urban and rural population. We should also observe the correspondence between currency and commodity circulations by studying the composition of these people's monetary receipts and payments. Families are the cells of society. We can select 10 or scores of families of different types to carry out a systematic survey, comparison and analysis of the changes in the compositions of their receipts and payments, the changes in their demand for commodities, their available purchasing power, and the amounts of savings and cash on hand. The analysis will reveal the problems in their production and circulation, and enable us to study the measures for their solution. In studying currency circulation, we must study the cash on hand and the savings deposits. We have also to analytically study a savings institute and see the amounts of fixed deposits and current savings, the patterns of deposits and withdrawals, and so forth. Such a study can answer many questions. Among the depositors, the first type is those who regard savings as the symbol of wealth and therefore deposit all their wealth. The second type includes those who want to buy some expensive commodities, but do not have enough money. Therefore, they have to save money for their purchase. The third type is those who have enough money, but nothing to buy. Therefore, they can only save it. The fourth type is those who deposit their money after they get their pay and later withdraw some of it whenever they need money for daily expenses. There are the same four types of people with cash on hand, the only difference being that instead of depositing their money in the bank, they keep it on hand. Of these four types of people, either having savings deposits or keeping money on hand, only the third type indicates abnormal commodity supply, while the remaining three types all show a normal supply. That is why currency circulation, which seems to be very complicated, is not complicated at all. Many questions which an economist should answer can also be answered by a housewife. As to why some money is deposited and other money is not, the answer can be very flexible. At certain times, the political factor may make the difference. Furthermore, there is also the psychological element. For example, TV sets cannot be sold at some place even after a price reduction. The reason is that people expect further reductions. When commodities were in short supply, people could not feel at ease. Now they can relax because the market supply is better. This state of mind is attributed to both political and psychological elements. Therefore, we say that currency circulation is not abstract, but very real political economy.

These six aspects should be viewed in combination. However, in a single county or city, there may be something very special about the proportionate relationship, which may not be useful in explaining the conditions in the country or in a province. That is why we have to take an overall view of problems and to study the conditions from more aspects.



## FINANCE AND BANKING

### EFFECTIVE UTILIZATION OF RENEWAL FUNDS EXPLAINED

Beijing CAIWU YU KUAIJI [FINANCE AND ACCOUNTING] in Chinese No 2, 20 Feb 82 pp 11-12

[Article by Xu Shaoying [6079 4801 5391] and Yang Zihe [2799 1311 0735]: "Some Problems in Making More Effective Use of Renewal Funds"]

[Text] Because of the effective measures taken in recent years in the utilization of renewal funds, the overwhelming majority of the governments, localities and enterprises have achieved their economic objectives according to schedule and have garnered some valuable lessons in the process. At the present time, the total amount of renewal funds which may be put to use, including depreciation funds of fixed assets, production development funds, government budgetary allocations, funds accumulated by localities, departments and enterprises, and technical and other types of bank loans, comes to about 9 percent of the original value of the fixed assets of industrial and communications enterprises. If properly administered and effectively utilized, this not inconsiderable amount of funds is capable of being used to finance research projects and to renew and rebuild existing enterprises. The problem confronting us is that of making more effective use of renewal funds.

#### 1. Selection of Projects Whose Practicability and Economic Feasibility Have Been Proven by Studies

Before a decision is made on what projects to undertake, a thorough study must be made as to their practicability from the technical, economic, financial and sales points of view on the basis of scientific verification and evaluation. The purpose of this study is to assess the advantages and disadvantages of the various projects and to find a basis for investment and for the management of operations so that errors may be avoided and more effective use may be made of renewal funds. In 1980, for instance, two plans were put forward in Shanghai for increasing the production of raw materials for making perfume for export. One plan was for the United Perfume Factory to produce an annual amount of 300 tons of perfume on 3,800 square meters of building space on 10 mu of land with a loan of 1.5 million yuan, and for production to begin in 1982. The other plan was for the First Factory for Drug Testing to make minor alterations to its existing equipment to produce an annual amount of 100 tons of perfume on only 600 square meters of building space with a loan of 350,000 yuan. After a study had been made of the practicability of the plans, it was found that while the quality and quantity of the products put



out by the two projected factories were essentially similar, the cost of operating the First Factory for Drug Testing was slightly lower than that of the United Perfume Factory. After approval had been given to the First Factory for Drug Testing, it was able to begin production within a short period of time and the entire loan was repaid within a year. There have been, however, instances where projects were put into operation in the absence of technical and economic verification and before a study had been made as to their practicability, with the result that after being put into operation, they either failed to match the amount of production with the volume of sales and to achieve the expected economic objective, or they were plagued by technical problems which hampered their productivity and led to heavy losses.

Experiences gained in various localities underline the need to have a firm grasp on three main factors before approval is given to a project. First, investigation and study must be made. In the selection of projects, consideration must be given as to whether they meet the needs of readjustments in the national economy and whether they mesh with the principle of cooperation among the specialized businesses. After that, there must be a clear understanding of the factors which affect the productivity of the projects, such as technical requirements, the necessary resources, the supply of raw materials, water, coal and electricity and the marketing of the products. Consideration must be given at the same time to the views of the regulatory departments and the surveying and planning departments of the municipal governments as sources of scientific verification on such matters as environmental protection, public safety and the economic repercussions on the entire society. Second, a technical standard must be maintained. A clear distinction must be made between routine production projects and projects of a scientific research and experimental nature. In drawing up plans, effort must be made to insure that the projects in question possess advanced technology and that they are economically feasible. Projects which fail to come up to the required standard must be rejected. Third, work must be done according to the proper procedure. A great many factors are involved in the screening of projects. There are among the various projects many links in the chain of cooperation and coordination which must be cemented according to the planned procedure and in an orderly manner. Most of the projects must go through the various stages of organization, investigation, acceptance, construction, the taking over of the property when construction work is completed and the handing over of the property for operation. In the process of construction, special attention must be paid to planning.

## 2. Renewal Funds Must Be Used According to the Stipulated Purposes and Within the Stipulated Limits

According to stipulations, renewal funds may only be used for renovating the equipment of existing enterprises and making technical improvements and not for the alteration and expansion of buildings or the construction of new buildings. However, in actual practice, the use of renewal funds for basic construction is far from being an exception. According to figures released by the Shanghai office in charge of the screening of construction projects, there exists a situation characterized by "several oftens and several seldoms" in the use of various types of technical funds and technical loans in Shanghai. That is to say, funds are often used for basic construction and seldom for technical improvements; funds are

often used for external expansion to increase productivity and seldom for renovations, remodeling and the rebuilding of unsafe structures; funds are often used for measures to increase production and seldom for measures designed to reduce expenses, not to mention measures for energy conservation. Such a large amount of funds is being used for basic construction under that pretext of making renovations and alterations that not enough is left for projects in urgent need of funds for opening up new resources and for making renovations and alterations.

It is not easy to draw a clear line between renewal funds and basic construction funds. The former are funds mainly used for expanded reproduction internally (improving the quality of products) on the basis of simple reproduction by the use of the existing fixed assets, while the latter are investment funds used chiefly for external (expanding the capacity) expanded reproduction. In principle, it is our view that "basic construction investment funds should be used by the enterprises for planning to increase the productivity of major products, for the rebuilding of old enterprises, for the expansion of the main productive machine shops, mines and related supportive measures, and work involving the renovation of the entire technical setup of entire factories" as stipulated by the "Provisions for the Separation of Basic Construction Investment Funds and Other Types of Funds" jointly issued by the State Planning Commission, the State Construction Commission and the Ministry of Finance. Under special circumstances, it is permissible to exercise a certain degree of flexibility with respect to the size of the building site and the amount of investment on projects financed by renewal funds, but that should not detract from the main purpose for which renewal funds should be used.

At the present time, a considerable part of the fixed assets of the enterprises are worn out and some of the equipment, still "pressed into service although overaged," is high in terms of cost and low in terms of productivity and is crying out for replacement. Not a few of the enterprises established in the middle and latter 1960's, although ill-equipped, were put into operation in a haphazard manner. They are in need of rebuilding. The maintenance and repair of unsafe buildings of old enterprises also poses a considerable problem. During the period of readjustment, primary consideration should be given to the conservation of energy in the use of renewal funds. The renovation of old enterprises which consume an inordinate amount of energy, of worn out and obsolete equipment and of workshops must be treated as a matter of urgency. We suggest: First, efforts should be made to strengthen control over planning and to achieve an overall balance. The planning departments at various levels should take the lead, in line with the principle of "getting production going before embarking on basic construction and taking full advantage of the existing potential before engaging in new construction," in determining the total amount of renewal and basic construction investment funds and in incorporating that into the entire investment plan. Second, decisions should be made on an overall basis and control should be exercised by the units at various levels. Renewal funds, including government budgetary allocations, funds made available by the localities, the departments and the enterprises themselves as well as bank loans, must be administered on an overall basis and put under the control of the various units concerned. Within the limits of the total amount of investment funds, the engineering projects of the industrial and communications enterprises

should be placed under the control of the economic commissions at the various levels. The engineering projects of other enterprises may be placed under the control of the parties concerned. Third, the items must be listed under separate categories and the concerned parties must be held accountable.

### 3. Applications for Technical Loans Must Be Considered in the Light of Actual Economic Results

Loans for technical projects differ from short-term revolving loans. Revolving loans are used mainly for purchasing raw materials and finished projects and are repaid directly by what is realized from the sale of the products. Loans for technical projects are used for the purchase of materials for processing into finished products and are repaid from the profits realized from the sale of the finished products. For this reason, the granting of technical loan applications must be considered in the light of actual economic results. It is not permissible to use the proceeds which should go to the state for the repayment of technical loans just because the profits fail to come up to expectations. It is therefore essential that proper attention be given to the following: First, the granting of technical loans must be closely tied in with the readjustments of the industries and enterprises. A truly practicable plan must be formulated on the basis of the projected needs of particular areas and businesses and in the light of the production operations, the technical requirements and such urgent needs as the renewal of equipment and the availability of various types of renewal funds. Projects financed by renewal funds must have the assurance that there is a demand for the products and that there is no increase in the consumption of energy and raw materials. They must avoid "large and complete" and "small but complete." Loans must be withheld from those projects in which the technical standard fails to meet requirements and which have no means to insure the supply of raw materials and the transportation of their products. Second, when applying for loans, the enterprises must furnish a program stating clearly the projected amount of investment, the quality standard, the construction period, the economic results and their ability to make repayment. Third, the competent departments may, in line with the purpose set forth in the technical loan applications, draw up a list of construction projects for the year together with a factual description of their nature. Approval for the granting of bank loans to the enterprises may be given at the discretion of the banks. Fourth, on the completion of construction projects financed by loans, the enterprises, aside from ascertaining that they meet requirements, must give an assessment of their earnings and an accurate estimate of profits expected to be realized from the use of the loans and sum up the valuable lessons they have learned in repayment of loans on time with the profits realized from the projects financed by technical loans.

### 4. Full Implementation of the Plan on the Amount of Funds, Materials, Equipment and Construction Work

It is known that in 1980, only about 50 percent of the projects funded by the various localities and departments were completed. One important reason accounting for the slow progress was the absence of an overall administrative setup so that the various departments were left to go about their separate projects in their own way, with the result that "programs were ill-planned, approval was granted in an

irresponsible manner and no limit was set on the amount of funds." As may be expected, proper use was not made of funds and materials, construction work was not carried out according to schedule, and funds were not utilized to good advantage. In order to turn this situation around, we suggest that the planning commissions, economic commissions, supplies departments, financial departments and banks should proceed without delay to formulate a set of rules for studying, renovating and altering various proposed projects, to strengthen supervision over the projects, to bring about an overall balance and to pay greater attention to the effective use of renewal funds. There must first of all be an overall balance in personnel, finances and materials. The supply of materials and the pace of construction work must be governed by sound economic principles. In the supply of materials, there must be an overall system of priorities--namely, production, maintenance, the tapping of resources and new construction--and the system must be strictly followed from the stage of planning to the stage of implementation. The allocation of funds only marks the beginning of the projects slated for expansion, renovation and alteration. While construction is in progress, the responsible parties of the enterprises must hold themselves responsible from beginning to end. The planning commissions, economic commissions, supplies departments and banks must do what they can within their areas of competence to speed up the completion of the projects. When the projects are completed and ready for production, the concerned departments are to take them over after making sure that they are of an acceptable standard, to insure that they are economically viable, to make good use of their experiences and to proceed with the work of extension.

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CSO: 4006/386

## INDUSTRY

### FOCUS ON HEAVY INDUSTRY IN LIAONING URGED

Shenyang LIAONING RIBAO in Chinese 6 Mar 82 p 1

[Article: "Liaoning Must Concentrate on Development of Heavy Industry"]

[Text] In his "Report on Government Work," Chen Puru [7115 3877 1172] said: Heavy industry on a firm foundation has won our province an outstandingly excellent position. In 1981, the value of heavy industry occupied 62.5 percent of the total industrial production in our province, and profit taxes paid by the heavy industry were 75 percent of the entire financial revenue. Staff and workers in heavy industry made up 68.9 percent of the entire industrial work force. Our heavy industry's fixed assets were in a top position throughout the nation, and our capacity for steel and iron refining and crude oil processing was about one-fourth the national capacity. Whether Liaoning can carry on with its heavy industry will not only have a decisive effect on the rate of development of our national economy, but also an important bearing on the overall situation of our national economic construction.

He said that to do a good job in heavy industry, we must give full play to the excellent position of our heavy industry--that is, by opening up a new situation of our economic construction within the province. If we maintain a regular speed in the readjustment process, we will provide our nation with a greater contribution. Consequently, we must exert a big effort to carry out the readjustment and promotion of heavy industry successfully. Furthermore, we must adjust the direction of heavy industry, change the product structure, control products of which there is a surplus, increase the production of products in short supply, wrestle with improvements in quality, and expand the categories of products. Last year, after investigation and research, our province drew up adjustment plans for the metallurgical coal, petrochemical and mechanical industries. This year we must exert great efforts to organize and implement our plans in order to achieve our results within the shortest possible time.

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CSO: 4006/364



## INDUSTRY

### NEW CHINESE INSTRUMENTS REPORTED

Beijing YIQI YU WEILAI [INSTRUMENTATION AND FUTURE] in Chinese No 1, 1982 p 26

[Article: "Instrument News"]

[Article by Hai Zhi [3189 5347]: "Doppler Pulsed Sonar for Fishing"]

[Text] The Eastern Sea Research Station of the Sonar Research Institute of the Chinese Academy of Sciences has developed the type "761" Doppler Pulsed Sonar for fishing. This instrument is designed by us for our own ocean-going fishing needs. It may be used to detect and to follow schools of fish in the upper and middle levels of the ocean. Usually, it will be installed on Seine net fishing boats of about 250 tons. It may also be installed on trawling net fishing boats or on special boats for large-scale operations. Not only may this instrument be used for deep and shallow fishing grounds in the ocean, it is also suitable for depth-charting and navigation in regions of complex structures.

This instrument combines both electronic and mechanical scanning. In a 90° arc, it emits 12 ultrasonic pulses. Similar to radar, the targets of the schools of fish, their directions, distances, regions of distribution, etc., are displayed on a fluorescent screen. This 90° arc may be electronically rotated for 360° horizontally and +5° to -90° vertically. The instrument is able to search and detect schools of fish in various directions and is also able to follow the return echoes of various targets. The test results have been good for several years. This instrument has been approved for pilot production by Plant No 726.

[Article by Geng Ruicheng [5105 3843 2052]: "Precision Contact-type Photo-etching Mask Reproduction"]

[Text] Optical Instruments Plant No 2 of Shanghai has successfully produced an experimental machine for the reproduction of FB-1 type precision contact-type masks for medium and large electronic circuits. This machine uses a modern compound lens to improve the uniformity of light intensity and to reduce the light diffraction. The use of modern super-high pressure spherical DC mercury lamps has many advantages, such as stable light intensity, little drift of light spot, long operating life, etc. It can produce both chromium plate and very fine grain dry plate.

The plate dimensions are (in inches) 2 x 2, 2.5 x 2.5, 3 x 3 and 4 x 4. There are two types of contacts, soft and hard. Precision of reproduction is 1 micron for chromium plates and 2 microns for dry plates. The uniformity of light intensity is 95 percent in a 80 x 80 mm square. Maximum area of exposure is  $\phi 150$  mm. The exposure time is 1 to 99.9 sec. The light source is a 250 watt super-high pressure DC mercury lamp.

This reproduction machine has been tested at Shanghai Radio Plant No 14, Xiangfan Instrument Parts Plant and other units and the results have been good. It has now been approved for mass production.

[Article by Chang Jiaxiang [1603 1367 4382]: "Low-loss Electric Meters"]

[Text] Shanghai Electric Meter Plant No 2 has successfully developed a low-loss electric meter of the T54-mA type. This meter is suitable for miniature electric motors or household appliances with low power consumption. It provides precise measurements of many parameters as well as economic values of energy saving.

This meter uses an electromagnetic system with four different types of displays. They all have the advantage of low power consumption--about 2.5-5 percent of similar meters of the electromagnetic or electromotive type.

[Article by You Fengxiang [1429 7685 5046]: "Metal Detector"]

[Text] The Shenyang (Mukden) Aluminum and Magnesium Development Institute of the Ministry of Metallurgical Industry and the Wenzhou Instrument Plant have jointly developed a metal detector of the JJT-1A type. This instrument is suitable for the detection of the positions of steel beams or iron pipes in concrete structures and for the inspection of the reinforcing bars in concrete and the thickness of the protective layers.

The instrument's weight is 0.4 kg. The sensitivity is continuously adjustable. For reinforcing mesh of 8 cm buried at a depth of 8 cm, the minimum distance of resolution is 12 cm. The power consumption is less than 150 milliwatts. It employs sound and charts for displays. The range of environmental temperature is 5-40°C and the relative humidity is less than 85 percent.

This detector has been approved for batch production by the Wenzhou Instrument Plant. Because of the demands of various users, types JJT-1B and JJT-1C metal detectors have also been developed, forming a series of instruments.

[Article by Geng Yuan [5105 0337]: "Semi-automatic Photo-etching Machine of the Near-contact Type"]

[Text] Shanghai Optical Machinery Factory has successfully developed a semi-automatic near-contact photo-etching machine of type JKG-3. This machine has light exposure near contact. The photo-etching may also be done at soft contact.

This machine uses modern compound eye lens with microscope and double positioning adjustment, thus the transfer of silicon chips is automatic. It has stable characteristics and easy operational procedures. It is suitable for medium and large chips. The suitable silicon chip sizes are  $\phi 50$  mm,  $\phi 75$  mm. The variation in light exposure is less than 5 percent. The resolution is 2.5 microns for soft contact type and 3-6 microns for near contact (10-30 micron gap). This instrument has been approved for batch production.

[Article by Xu Ce [1776 3261]: "Infrared Forest Fire Detector"]

[Text] Sichuan University has successfully developed a type HLT-81 infrared forest fire detector with solar cells for electric power supplies. This instrument may be installed in the field for surveillance without human operators, for the automatic scanning of possible fires in the forest, and for the automatic signalling of forest fires by radio over long distances. This instrument is suitable for the surveillance of forests of large areas (several hundred or thousand square kilometers).

The complete instrument consists of two units--the detector and indicator. The threshold signal power level is  $6.6 \times 10^{-8}$  watts. On a clear day, it is possible to detect a fire source over an area of 10 square meters at distances greater than 10 kilometers. The scanning is over the entire horizon,  $0^\circ$ - $360^\circ$ , and the absolute error is less than  $10^\circ$ . The angle of surveillance in the field is greater than  $6^\circ$ . The average power requirement is less than 6 watts. This instrument may be very useful for the protection of forests.

9899

CSO: 4013/25

## INDUSTRY

### PROGRESS IN MINERAL PROSPECTING DURING READJUSTMENT REPORTED

Beijing TANKUANG GONGCHENG [PROSPECTING ENGINEERING] in Chinese No 1, 1982 pp 1-2

[Article by Prospecting Engineering Department, Ministry of Geology: "Continued Progress in Prospecting Engineering During the Period of Readjustment"]

[Excerpt] 1. Various Degrees of Improvements in Major Technical and Economic Indicators Registered in 1981

During the period of January through November, the drill-month efficiency was 308 meters, higher than the level achieved in 1980. The high quality drill hole rate was 81 percent, which was an all-time high.

During the same period, the largest number of drills in operation using diamond bits was 423 units, representing 29 percent of the total number of coring drills in operation. They completed a work volume of 770,000 meters, representing 33.5 percent of the total rock core exploration work volume. The month-drill efficiency was 344 meters, an increase of 1 percent over 1980 and 19 percent higher than large diameter drills. The average advance per drill bit was 37.9 meters (47.3 meters with natural diamonds, and 30.6 meters with synthetic diamonds), an increase of 2.3 meters over 1980 (an increase of 2.8 meters with natural diamonds and 2.4 meters with synthetic diamonds). The average drill-month efficiency of over 400 meters was achieved by the eight bureaus in Shandong, Heilongjiang, Beijing, Liaoning, Henan, Jilin, Nei Monggol and Guangdong. The average advance per drill bit of over 50 meters was achieved by the seven bureaus in Guizhou, Heilongjiang, Shandong, Beijing, Hunan, Sichuan and Shanxi. The accomplishments in small diameter diamond exploration drilling show that the policy of "consolidate to improve, and steady development" was conscientiously carried out. Many units paid great attention to the proper integration of technical equipment. For instance, in the Liaoning and Jilin bureaus, whenever small diameter diamond exploration was done they invariably made sure that they had diamond drills, variable pumps, diesel generating units, conventional meters and instruments, etc. The Sichuan Bureau spent 500,000 yuan in 1981 to purchase these pieces of equipment. At the same time, the various areas continuously organized forces to solve the key technical questions of abnormal drill bit wear, drilling through complicated strata, and drill rod not holding the line, to strengthen technical training, to improve operating skills, to summarize and exchange experiences and to provide strict

management. Scientific and research units, institutes, colleges and plants also continuously provided new techniques and equipment. All these effectively pushed forward the steady development of small diameter diamond exploration drilling.

In 1981, 44,000 meters of tunneling work was completed, of which mechanized excavation accounted for 27,000 meters. The quality of engineering was able to meet the geological design requirements.

Through the strengthening of safety management, safety education, and the work of promoting new techniques, injury and fatal accidents further decreased during the January through November period over 1980. Fatal accidents decreased by 36.5 percent, while accidents resulting in serious injury decreased by 12.4 percent. The state's health standards in densities of harmful gases and in dust densities were met in many work places.

## 2. New Developments in the Promotion of New Techniques

The most outstanding new development was the use of drills with rope for core retrieval during drilling. From January through October, 75 of these drills were operated by 49 teams in 23 provinces, accounting for 17 percent of the small diameter diamond drills in operation during the period. Total drilling work completed was 110,000 meters, which accounted for 16 percent of the total small diameter drilling work (Many of the drills started operations relatively late in the year). The drill-month efficiency was 415 meters and qualities of drill hole construction (recovery rate and drill hole straightness) showed great improvements, which fully demonstrated the superiority of the rope core-retrieval drills. Equipment and drill tools were continuously improved, types of drill bits were increased, and operational techniques were greatly improved. These have created a favorable condition for further expanding rope core-retrieval drilling. Extremely good results were achieved in relatively good strata, while some experience was beginning to be obtained in complicated strata. Mineral deposits drilled included gold, silver, copper, iron, manganese, molybdenum, tungsten, lead and zinc, mercury, phosphorus and graphite. The superiority was especially noticeable in deep hole drilling. In the Zhushahong Mining Region, the Northeast Jiangxi Team of the Jiangxi Bureau of Geology drilled to a depth of 1,106.70 meters using 576 rope for core retrieval. The drill-month efficiency was 519 meters. The average drill lift interval was 25.81 meters, with the largest interval of 77.73 meters. The pure drilling time was 41.53 percent, and core recovery rate was 96.1 percent. This new technique greatly lightened the heavy physical labor by the operating personnel and was deeply welcomed by the workers. The above-mentioned results have established a reliable technical foundation for the gradual increase of the proportion of operating drills using rope for core retrieval.

By the end of 1981, 31 teams in 19 provinces had begun to use impact rotary drills for exploratory work. In actual work, people all felt that the impact rotary drill was effective and they therefore showed a great positiveness toward its use. Those in experimental use or actual operation included the jet type, positive action and double action (live valve and throttle) valve, and [injection] type



hydraulic impactors. At the same time, experiences were also obtained and accumulated in the areas of improvements and use of drill rigs, water pumps, drill bits, drilling techniques, and auxiliary tools.

Developments were also achieved in the work of directional drilling. By making use of the special characteristics of the earth strata and angle tools, more and more teams started to make rational planning and carefully engaged in directional drilling. Some drilled initial directional holes. Some used angle tools to drill a number of holes or branch holes. Improvements and understanding were also gained in design computation, methods to establish direction, types and reliability of angle tools, and the degree of accuracy of controlling drill hole direction. Experiments for core retrieval in directional drilling were also successful. Continuous action angle tools as well as directional exploration techniques following the slant of the drill were also being studied.

Techniques related to drill mud were improved. Some good quality expansion clay resources were found. Experiments to improve the characteristics of the clay and to produce mud were carried out. They have had a very large effect on improving the quality of drill mud, raising drilling efficiency, and reducing the cost of drill mud. The use of polyacrylamide low solid phase mud was expanded, and the use of ground prospecting cement was further promoted. Experimentation or trial use was made of sulphonating agent for polyacrylamide and "leak-stopping" materials (walnut shells, cottonseed shells, mica flakes, etc.), and good results were obtained. An organic polymer agent was trial produced. A great deal of work on strata classification was done by some provinces.

Notable results were achieved in promoting new tunneling exploration techniques. The three types of cars for the mechanized production line in medium depth tunnels (rock drill platform car, shuttle and locomotive) were used in 17 tunnels. During their operations, such supporting equipment as the automatic coupler for the shuttle, rail supporter and rail switcher [ban dao qi] were improved, thus pushing ahead the use of the cars. The imported trackless hydraulic drilling platform car and scraper were also tried. Over 100 meters of tunnels were excavated and the equipment showed good capabilities. The use of the durable and effective new long tip horse shoe-shaped and cross drill bits was expanded. The cost was half when compared to the old line-shaped drill bit. The life of alloyed drill rods was over 160 meters, about three to four times higher than that of the ordinary drill rods. The use of liquid gelatin explosives and blasting fuse tubes improved the efficiency of breakage and conditions for safety production.

Considerable results were also obtained in the promotion of safety and health technology. Safety devices for the drilling platform were widely used. Some provinces promoted the use of electrically controlled stopping devices for the platforms in operation. In the area of dust control and poison prevention, comprehensive dust control measures centering on the use of air and water were promoted in mechanized tunnel exploration. Wet drilling was standardized. Ventilation, dust elimination, spraying and wetting were also systematized. Personal protection became a normal practice. The Hubei Bureau started a series of scientific studies in dust control and poison prevention, involving cutting grooves to take samples,

sample processing and chemical analysis, and initial results were obtained. In many of the sampling rooms in small field laboratories, dust control using dan ji mi feng [sealing of single machines], ji wo shi [chicken coop-type] spraying was promoted. In addition, some units started studies on the treatment of the three wastes and on solving the pollution problem. Some initial results were also achieved.

Through scientific study, trial production and experimental work, a group of new products was appraised, such as the 30-meter engineering drill, two 50-meter engineering drills, Model YDC-100 automobile drill (modified for acceptance), Models XY-1 and XY-3 drills (modified for acceptance), Model SZC-325 placer drill, Model SNB-150 variable volume pump and six-speed rotary viscosity meter. Thus, new varieties of exploration equipment and instruments have been added.

Technical innovation on a mass scale was relatively active. Equipment reconstruction work was carried out. For instance, drills with large variable speeds and variable volume water pumps were reconstructed. Many types of instruments and meters were studied and produced, such as [?stool pigeons], excess pressure warning device and electrical drill pressure gauge. Core retrieval tools and drill bits were improved. Towerless lifting structure was trial fabricated. Horizontal holes were drilled. An experiment on air cleaning during drilling was carried out.

### 3. Refinement in Management Work

Many units improved their systems for (technical) monthly reporting, engineering construction design and approval, mining region construction technical reporting, and technical records for drill holes. Methods of management suitable after systems change [sic] were initially determined. The reward system was improved. Work on statistics and quotas was strengthened. The "Rules on Core Drilling" was revised. Some standards were established (diamond single action double tube standard, standard for a complete set of instruments for the drill mud laboratory, etc.). The standard for materials control in diamond drilling was studied and established on a preliminary basis. In the area of technical management, in addition to selectively promoting new techniques, the various units further emphasized taking a firm hold on the weak links and technical keys (such as quality control, complicated strata, strata that causes the drill hole to go out of line). Still greater attention was given to accumulation of raw data and their comprehensive treatment and analysis in the office, the reduction of "blindness" in action, and the increase in scientific consciousness and consciousness to tackle the problems. To a certain degree, the passive condition of "working to take care of emergencies" was turned around, and the situation of "paying special attention to technical problems of importance" appeared. All these had an important significance in continuously improving the level of prospecting techniques.

Since the 1980 Safety Commendation Conference, safety management work has been further strengthened. As of now, 16 provincial bureaus have established safety and health offices (sections). Six of them have also established safety offices. A number of other provincial bureaus are now awaiting approval for the establishment

of safety organizations. The first levels of safety organizations have basically been established, forming a safety network. In May, safety month activities were totally implemented in the geological system, and the hidden affliction of the "old, large and difficult" accidents was solved. General investigative work was also started on dust and toxic injuries and occupational diseases. Basically, the situation of dust and toxic injuries was determined, providing the basis and experience for the future development of industrial hygiene work.

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CSO: 4013/57

## LABOR AND WAGES

### OWNERSHIP OF LABOR FORCE EXAMINED

HK161037 Beijing JINGJI YANJIU in Chinese No 5, 20 May 82 pp 64-66

[Article by Yan Yongtao [2513 3279 3447] of the New Long March Primary School of Rongwan Township of Yueyang Municipality in Hunan Province: "Ownership of the Wage Workers' Own Labor Force Cannot Be Denied--A Discussion with Comrade Yu Guangyuan"]

[Text] JINGJI YANJIU No 1, 1982 carried comrade Yu Guangyuan's article "A Query About the Theory of Labor Force Ownership" (hereafter shortened to the "Query"). In the course of proving that the theory of labor force ownership could not hold water, the article argued that the wage workers did not have genuine ownership of their own labor force and so there did not exist any ownership of labor force in the capitalist relations of production.

In my opinion, the argument denying that a wage worker is the owner of his own labor force does not tally either with the objective reality of the capitalist relations of production or with Marx's thinking. I am now going to discuss my views on this matter with comrade Yu Guangyuan. They are as follows:

1. The question whether or not a wage worker has genuine ownership of his own labor force directly involves the question whether or not the labor force of a worker is a commodity. Marx pointed out that owing to the regularities of commodity exchange itself, "only when and just because labor force is sold or offered for sale by its own owner, that is, the man who has labor force, can it emerge on the market as a commodity."<sup>1</sup> In order to sell his own labor force as a commodity, it is necessary for the man who has labor force to possess two basic conditions: First he "must be able to dispose of it and proceed to make it his own ability to work and must be the ownership of his own personal freedom;" second, since it is impossible for the owner of labor force to sell the commodities which are saturated with his own labor, he has to sell the labor force only existing in his body as a commodity.<sup>2</sup> At the same time, in order to preserve the nature of his labor force as a commodity in its repeated selling and to avoid becoming "a commodity from the owner of a commodity," in the process of repeatedly selling his own labor force, the man who has labor force "must always sell his labor force only for a certain time,"

"always regard his own labor force as his own property" and must "not abandon the rights of possession of labor force in hiring out his labor force each time."<sup>3</sup>

It must be noted that in accordance with the universal laws of commodity production and commodity exchange, Marx had already clearly expounded his idea that only when a wage worker is the genuine owner of his own labor force, can labor force become a commodity. While denying the fact that a wage worker is the genuine owner of his own labor force, although the "Query" did not clearly state its own views on whether or not labor force is a commodity, in accordance with the above-mentioned thinking of Marx, the denial of the fact that a wage worker is the genuine owner of his own labor force would inevitably deny the fact that the labor force of a worker is a commodity and would thereby deny that the transaction of labor force on the capitalist market was a commodity exchange which was carried out according to the law of value.

It is known to all that in the course of bringing to light the laws governing the movement of the capitalist mode of production, Marx clearly pointed out that the right of ownership of the workers' own labor force was a precondition for labor force to become a commodity and at the same time also clearly pointed out that the adoption of a commodity form of labor force belonging to a wage worker and the adoption of the wage labor in capitalist production were the two sides of one coin, and at the same time he regarded wage labor as the real foundation on which the capitalist mode of production relied for existence. He wrote: "Only when the owners of the means of production and the means of subsistence find on the market the free workers who sell their own labor force, can capital come into being." "Therefore, the characteristics of the capitalist era are that as far as a worker is concerned, labor force is a form of commodity which belongs to him and thereby his labor possesses the form of wage labor."<sup>4</sup> If "there is no wage labor, there would be no capital, no bourgeoisie and no bourgeois society."<sup>5</sup>

2. "The "Query" says, in regard to whether or not a wage worker is the genuine owner of his own labor force, instead of seeing the matter from the "superficial phenomenon of the transaction of labor force on the capitalist market as the bourgeois economists do, we must see the matter from the exploitative nature of the capitalists constantly owning the gratis labor of a wage laborer in the capitalist production, that is, we must see the matter from the capitalist laws of ownership rather than from the laws of proprietary rights of commodity production and commodity exchange. In this way, the right of ownership of the wage workers' own labor force is already completely negated by the capitalist laws of ownership and has "merely become a superficial phenomenon belonging to the process of circulation." Therefore the "Query" holds that recognizing the ownership of the wage workers' own labor force does not constitute either the foundation of the theory of surplus value or the original meaning of Marx. In order to testify the above-mentioned point of view, the "Query" particularly quoted a passage from Marx: "In this way, the relationship of exchange between the capitalists and workers has merely



become a superficial phenomenon belonging to the process of circulation and become a form which has nothing to do with its own content but can only make a itself mystery out of it."<sup>6</sup>

In my opinion, these arguments of the "Query" precisely constitute a misunderstanding of the original meaning of Marx. The main reasons for this misunderstanding are that what was regarded by Marx as a dialectical negation is taken by the "Query" as an absolute one and what was regarded by Marx as a law of superficial opposites with inherent regularities is taken by the "Query" as a law of inherent absolute opposites.

Just within the article from which the "Query" cited the above-mentioned passage from Marx, Marx clearly pointed out that, the law of ownership contained in the transaction of labor force between the capitalists and workers based on commodity production and commodity circulation, precisely because of "its own inherent and unavoidable dialectics, has turned into its own direct opposite." The "separation of rights of ownership and labor has become seemingly the inevitable result of the law which takes their regularities as the starting point."<sup>7</sup> To make a clearer exposition of this idea, Marx went on saying: "No matter how the capitalist mode of coming into possession seems to contradict the earliest laws of commodity production, the emergence of this mode of coming into possession is the result of the application rather than the violation of these laws."<sup>8</sup> For this, Marx particularly reviewed every stage of movement which emerged successively and took capitalist accumulation as the destination. Then he pointed out: "Although every action of exchange which has singly been investigated still follows the law of exchange, a fundamental change can still take place in the mode of coming into possession and in addition, this will not, in the slightest degree, violate the rights of ownership which suit commodity production. In the early stage when the producers own their own products, practice exchange at equal value and have to depend on their labor to become rich, the same right of possession is effective and it is also effective in the capitalist stage when more and more social wealth has become the property of those who can ceaselessly reown the gratuitous labor of other people."<sup>9</sup>

It can thus be seen that Marx's thinking was dialectical. In his opinion, it was just because on the one hand a proletarian was a free man who had the right of ownership of his own labor force and on the other hand, he was so free that he did not have any conditions for realizing his own labor force that the transaction of labor force could genuinely occur and wage labor could take shape; it was precisely the constant and real existence of the transaction of labor force on the capitalist market that constantly and really provided the capitalists with the means to own the gratuitous labor of the proletarians and thus transformed the transaction of labor force itself into its opposite and further made it hypocritical; it was precisely because in the process of money changing into capital, labor force was a commodity which was genuinely owned by a proletarian that made the ownership of his own labor force become a mere formality in the process of the surplus value turning into capital; it was precisely because

of the role of the capitalist law of the right of possession in the two conditions for production that constituted the capitalist law of ownership of labor and labor products. -- It was precisely the coexistence of these laws, which seemed to be mutually exclusive, in the capitalist relations of production owing to their inherent identity, that enabled the capitalist system to possess not only the general character of all exploitative systems but also the unique exploitative form differentiating itself from all other exploitative systems; raking in surplus profits through the real transaction of labor force and accumulating capital by maintaining from start to finish the commodity nature of labor force in the course of its constant transaction.

Therefore, Marx never denied the truthfulness of the transaction of labor force with his theory of money changing into capital but on the contrary, he proved that the transformation from money into capital was just based on the transaction of labor force.

3. According to the fact that the "'right of possession' which a worker does not give up every time he sells his labor force is only the 'right' to 'voluntarily' provide the capitalists with gratuitous surplus labor under pressure next time," the "Query" still quoted Marx as saying: "A Roman slave was tied with fetters whereas a wage worker has an invisible thread attaching him to his owner. This false appearance of his independence was preserved by the frequent exchanges of owners and by legal fabrication of contracts."<sup>10</sup> This passage was used as an excuse to deny the fact that a wage worker is the owner of his own labor force.

True, with his theory of surplus value and that of capitalist reproduction, Marx thoroughly exposed and refuted all sorts of prettifications of the capitalist system by the bourgeois apologists. However, with his whole works "DAS KAPITAL," Marx laid more stress on bringing to light the unique laws governing the capitalist system. The reason why the capitalist exploitative system differs from other exploitative systems lies in the fact that the adoption of a commodity form in which the labor force of the exploited is owned by the exploited themselves enabled capitalist production to adopt the form of wage labor and surplus labor to adopt the form of surplus value. The reason why the form of enslavement suffered by the proletariat differs from that suffered by all other exploited classes in history lies in the fact that on the one hand, a proletarian is legally a free man and on the other hand, he is so free that he has nothing on earth except his own labor force. Thereby he has to constantly sell his own labor force to an unspecified buyer and is thus kept in slavery by the whole bourgeoisie.

Just as we cannot deny the specific property of the capitalist exploitative system at the sight of the general character of the capitalist exploitative system and all other exploitative systems, we also cannot deny the difference between the fact that the "natural rights" of a proletarian are lost when he sells his labor force and that the "natural rights" of a slave are lost when he sells his own person at the sight of the point that just as in

the case of a slave, a proletarian does not get the genuine "natural rights." We cannot forget that every proletarian is not necessarily the property of any specific capitalist and even deny that the labor force of a proletarian is a commodity that belongs to him, because we have a clear understanding that every proletarian is the property of the whole bourgeoisie.

February, 1982

#### FOOTNOTES

1. Marx: "DAS KAPITAL," People's Publishing House, 1975 Edition, Vol 1, p 190-191.
2. Marx: "DAS KAPITAL," People's Publishing House, 1975 Edition, Vol 1, p 190-191.
3. Marx: "DAS KAPITAL," People's Publishing House, 1975 Edition, Vol 1, p 190-191.
4. "DAS KAPITAL," Vol 1, p 193.
5. Marx: "SELECTED WORKS OF MARX AND ENGELS," "Class Struggle in France During 1848 and 1850," Vol 1, p 401.
6. "DAS KAPITAL," Vol 1, p 640.
7. "DAS KAPITAL," Vol 1, p 640.
8. "DAS KAPITAL," Vol 1, p 640.
9. "DAS KAPITAL," Vol 1, p 643-644.
10. "DAS KAPITAL," Vol 1, p 629-630.

CSO: 4006/486

## OVERVIEW OF SINO-HONG KONG ECONOMIC RELATIONS

Hong Kong WEN WEI PO in Chinese 13 Mar 82 p 1

[Editorial: "Sino-Hong Kong Economic Relations"]

[Text] The governor of Hong Kong, Sir Mai Lihao [7796 3810 3185], in a discussion of Hong Kong's business and industrial circles that have been looking for commercial and investment opportunities in the East, West, and South, mentioned a well-known phrase: "We had better learn to pay attention to the North."

Peng Lizhi [1756 0536 3112] has just assumed office in the Finance Department. He made the following short statement: "The future of Hong Kong is determined entirely by our practical use and contribution to China."

At present, Peng Lizhi has agreed to visit Beijing. One of his reactions is reflected in the following sentence: "Many people like to talk about the developmental role of Hong Kong in China's economy, but they don't see the role that China plays in Hong Kong's well-being."

In these few quotes the major ideology of the Hong Kong government is revealed--that is, in order to cause Hong Kong to prosper, it is necessary to look toward the North.

The construction of the four modernizations in China requires Hong Kong's support. There is no question about this. China needs Hong Kong for the sale of large quantities of export commodities in order to gain foreign exchange. The Chinese need to use this foreign exchange in the Hong Kong market to purchase a large portion of their advanced technology and equipment. They also need the support of investments from Hong Kong entrepreneurs to encourage construction within China. China is prepared to regard Hong Kong as a center for raising funds and raising construction capital. At the present time, China obtains 20 billion Hong Kong dollars annually in foreign exchange from trade between China and Hong Kong. At the same time, China has also brought several billions in investments to the Hong Kong area. Because of this, Chinese leaders have repeatedly declared: We must pay attention to Hong Kong's present situation and give serious consideration to Hong Kong's role as one of the world's financial centers. Investors can rest assured. Facts have also shown that if China had had no policies regarding construction over the past several years or no foreign trade policies, then Hong Kong today would not have its unique character.

Let's take a look at Hong Kong. Hong Kong is a small, narrow island and peninsula. It lacks natural resources and agriculture. Its prosperity relies entirely on extensive foreign economic and trade contacts. Frequent entrepot trade stimulates this island economy and has led to the material civilization that exists today. Its prosperity, however, is dependent on China's stable yet cheap supply of agricultural and subsidiary products and on China's vast market for Hong Kong and other entrepot commodity trade.

Currently, China is in the new period of construction of the four modernizations. China's demand for large amounts of capital and technology has had an immeasurable impact on Hong Kong's economy.

In the past 4 years, Sino-Hong Kong trade has developed rapidly. In 1981 the total of Hong Kong's exports and entrepot goods to China amounted to 101 billion Hong Kong dollars--a 50-fold increase compared to 1977. China's import of Hong Kong commodities also showed a 20- to 30-fold increase. The [exports] provided Hong Kong with tremendous profits, which have been transformed into production capital. The [imports] gave Hong Kong a stable supply, thereby ensuring the material needs of the people's livelihood and stabilizing commodity prices in the consumer market.

Real estate prices in Hong Kong are sky-high, and the supply of labor has already reached the saturation point. It is difficult for an industry with a highly concentrated labor force that occupies a broad area to develop. For this reason, special zones and inland areas provide excellent investment opportunities. When Sir Zhong Shiyuan [6945 1102 0337] visited Shenzhou, he mentioned that there is much room for cooperation in plastics, hardware, electronics, and other light industries. These developments would not swallow up Hong Kong's funds, but rather would provide new outlets for Hong Kong industries.

The oilfields in the South China Sea are just being opened up. Twenty billion dollars are required. This will influence the investment of Hong Kong funds and will help propel Hong Kong to become the third largest financial center in the world. All of this will stimulate production and prosperity in Hong Kong.

It must also be realized that while China is opening up foreign economic and trade relations, a large group of foreign companies manage Chinese trade affairs, with Hong Kong as the base for all activities. They have stimulated Hong Kong's trade and local production.

The economies of China and Hong Kong have already formed a relationship in which each stimulates the other. Clear recognition of this point will help us to understand Sino-Hong Kong policies.

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CSO: 4006/384



## SHARP INCREASE IN TRADE WITH TAIWAN DISCUSSED

Hong Kong WEN WEI PO in Chinese 13 Mar 82 p 8

[Article by staff correspondent: "Trade Between China and Taiwan Has Increased Sharply"]

[Text] In recent years, trade between China and Taiwan has increased at an astonishing rate, yet the two sides still do not have formal trade relations. Therefore, trade contacts between the two sides depend of Hong Kong as an intermediary. Hong Kong entrepot trade is flourishing, and there is no doubt that this is related to the rapid development of trade between China and Taiwan.

The great increase in trade between China and Taiwan is manifested primarily in the shipment of goods from Taiwan into China via Hong Kong. Beginning in the 1980's, Taiwan supplanted Japan as the major supplier of transit goods to China. The total value has reached 1,205,000,000 Hong Kong dollars, which is quite a jump from the 1979 total of 107 million Hong Kong dollars--a 10-fold increase. In 1981 the transport of Taiwan's goods to China continued to climb to 2,182,000,000 HK dollars, constituting 26.5 percent of China's imported transit goods. This was an 80-percent increase. Taiwan ranks sixth among the main markets for Chinese products that pass through Hong Kong. Last year's total value amounted to 427 million HK dollars, an increase of 9 percent over 1980. It constitutes 3.3 percent of the market.

The chief market for Taiwan's entrepot trade is China, which takes 65 percent of the total value of Taiwan entrepot trade of 33.08 billion HK dollars. Thus it can be seen that Taiwan's entrepot trade in recent years has been much more active than ever because of increased entrepot trade with China.

Raw materials and high-grade consumer products are the primary items that are transported from Taiwan to China via Hong Kong. Last year the largest quantities were cement, cloth, and raw textile materials--amounting to 1,485,000,000 HK dollars. The greatest amount imported, 4.08 billion HK dollars, was synthetic fibers. Cloth increased from a relatively small amount to 13 million HK dollars. Machinery for special uses showed a most impressive increase. Last year the total value was 108 million HK dollars, an increase of 535 percent. This was primarily due to increased imports of clothing and vehicles. In 1980 the total value of imported clothing and vehicles was only 5 million HK dollars. Last year it shot up to

of 168 million HK dollars. The total value of electric equipment amounted to 168 million HK dollars, an increase of 16 percent. Among this equipment, imports of electric fans and household appliances dropped. The decrease was due to an increase in imports of television sets and kinescopes. The total value of tape recorders and communications equipment was 139 million HK dollars, an increase of 8 percent. This was primarily the result of China's increase in import duties last year on television sets and radios. Bicycles, watches, and readymade clothing have increased to a total value of 37 million HK dollars, 16 million HK dollars, and 15 million HK dollars, respectively--an increase of 1.5-fold to 4.8-fold. Bicycles have shown the greatest increase.

Goods which go through Hong Kong to Taiwan consist primarily of foodstuffs and mineral substances, with the latter being the most common with a total value of 40 million HK dollars last year. Foodstuffs came next at 40 million HK dollars. Textiles and fruit constituted a large proportion. Mineral materials amounted to 20 million HK dollars. There was a relatively large drop in textile materials from 29 million HK dollars 2 years ago down to 13 million last year.

#### Countries Exporting Transit Goods to China

(in millions of HK dollars)

<u>Principal Sources</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>80/81 growth rate</u>
USA	*	107	1,205	2,182	81 percent
Japan	40	363	904	1,471	63 percent
South Korea	*	29	225	811	260 percent
France	32	131	337	567	95 percent
West Germany	-	-	-	291	291-fold
Italy	9	39	121	191	58 percent
UK	38	106	221	186	-16 percent
Other countries	2	10	81	143	77 percent
Total value of transit goods (in millions of HK dollars)	214	1,315	4,642	8,044	(in millions of HK dollars)

\* Less than 100,000 yuan

Source: Government Office of Statistics

1981

10/15/84

## Engineering

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ORG: All of the Research Institute of Strength of Metals

TITLE: "Influence of Shot-peening on the Initiation and Propagation of Fatigue Crack in Some Constructional Steels"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 1-8

TEXT OF ENGLISH ABSTRACT: This paper presents the results of an experimental investigation on the effect of shot peening upon the initiation and propagation of fatigue cracks and its relation to the mechanical behavior parameters of the materials and the residual stress. It shows that shot-peening can greatly elongate the crack initiation period  $N_{0.1}$  and has comparatively minor effects on the crack propagation period  $N_p$ . The lower the stress level (or overload level), the better the effect of shot-peening. The correlation between  $N_{0.1}$  for shot-peening specimen with residual stress  $\sigma_R$  and strain hardening exponent  $n$  of the material may be expressed by the formula:  $N_{0.1}(\Delta p) = A + B(-\sigma_R)^{(a^n+b)}$ .

AUTHOR: WANG Xiaochun [3769 1420 2797]

ORG: Department of Mechanical Engineering

TITLE: "The Relative Curvature Tensor of Two Degree-of-freedom Conjugate Surfaces"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 9-18

TEXT OF ENGLISH ABSTRACT: The theory of two degree-of-freedom conjugation of two surfaces is often encountered in machine designing and manufacturing. This paper gives a method for calculating the relative curvature tensor of two degree-of-freedom conjugate surfaces, in which the angular acceleration and the relative movements of axes are considered. The characteristic of this method is that, based upon the given value of one surface and the relative movements, the analytical result can be obtained by the calculation with simple mathematical operations. The paper also gives the criterion for the curvature interference of two surfaces.

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ORIGIN: Department of Basic Courses

TITLE: "The Calculation of the Load and Journal Center Locus in Main Bearings with Consideration of Crankshaft Rigidity, Bearing Rigidity and Oil Film Rigidity"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 19-28

TEXT OF ENGLISH ABSTRACT: In this paper, the main trends in development and investigation of journal bearings have been analyzed. In order to integrate theory with practice more closely, the author suggests that the crankshaft should be taken as a continuous curved beam supported on elastic bearings filled with lubricating oil. According to the physical model mentioned above, a new method for the calculation of load and journal center is proposed.

AUTHOR: YIN Jiaju [3009 1367 7467]  
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ORIGIN: All of the Department of Engineering Mechanics

TITLE: "The Finite Element Method Applied to the Large Elastic-plastic Strain Analysis of Cylindrical Specimens with Circular Cracks"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 29-35

TEXT OF ENGLISH ABSTRACT: The large elastic-plastic strain of cylindrical specimens with various types of circular cracks is calculated by isoparametric finite element method. The extension of the plastic region, the opening displacements of the crack surface and the change of the geometry of the initial crack tip are obtained. The results obtained should prove beneficial to the fracture research on plastic materials.

AUTHOR: WENG Siyi [5040 1835 5030]  
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ORG: Both of the Department of Power Machinery Engineering (I)

TITLE: "An Analog Study of a Control System with Impact Loads"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY]  
in Chinese Vol 16 No 2, 1982 pp 37-48

TEXT OF ENGLISH ABSTRACT: This paper introduces the method of carrying out calculated tests on a control system with impact loads to obtain the transfer function from dynamic response of the factory testing of the 321-230/100 drum type boiler. Then it gives the analog-test results of the optimal boiler level and boiler fuel control system under the impact load from the 1.7 meter steel rolling mill.

Comparing the results of analog-tests and the shop tests, it can be concluded that the study of analog-tests provide data accurate enough for the design of a control system and the selection of its optimal parameters.

AUTHOR: SHENG Jianni [4141 0494 7206]

ORG: Department of Electrical Engineering

TITLE: "Calculation of Electrostatic Field in Layered Dielectrics by Moment-simulation Charge Method"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY]  
in Chinese Vol 16 No 2, 1982 pp 49-58

TEXT OF ENGLISH ABSTRACT: The moment-simulation charge method proposed in this paper is a new method to be employed for the calculation of electrostatic fields in layered dielectrics. Numerical results show that it is more effective than moment method or simulation charge method when they are used separately. In order to verify the accuracy of this method, an example has been worked out and the results checked by means of the Uniqueness Theorem and the Principle of Harmonic Maximum or Minimum Value. It is concluded that the error consult is not greater than 2.1 percent. These numerical results are compared with the results obtained by the finite element-simulation charge method and also with the experimental results obtained from the conducting paper simulation. It is found that they are close to each other except for some individual parts.

The formula derived in this paper for the boundary condition contains only one variable, so that it is simply applied in practical calculations. In addition, this method is easily generalized and applied to the calculation of electrical field in three-dimensional dielectric layers.



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ORG: Department of Power Machinery Engineering (I)

TITLE: "A Computation Program for the Design of Bulk Shields in Nuclear Reactors"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY]  
in Chinese Vol 16 No 2, 1982 pp 59-70

TEXT OF ENGLISH ABSTRACT: In this paper, neutron flux distribution in the reactor bulk shields is calculated by the use of the multigroup removal-diffusion theory. Based on this calculation, the gamma photon flux distribution, the dose rate distribution and also the neutron and gamma photon heat generation rate distribution are then calculated. The problems of radiation damage of structural parts inside the reactors and the leakage out of shields are thus solved.

The comparison of the calculation by this method with that by the three group method shows that the multigroup method is reliable and quite simple, and can meet the requirements of the calculation in the design of bulk shields in nuclear reactors.

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TITLE: "Convex and Star Polynomials"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY]  
in Chinese Vol 16 No 2, 1982 pp 71-76

TEXT OF ENGLISH ABSTRACT: In this paper we have proved two theorems that define the sufficient conditions for convex and star polynomials.

Theorem 1: Let  $f(z) = z + bz^2 + cz^3 + dz^4 + ez^5$  (where  $b, c, d, e$  are real and  $e \neq 0$ ) be analytic and univalent on an open unit disk  $|z| < 1$ . If these coefficients in the polynomial satisfy the following inequalities:

$$\frac{8c - 30d + 80e - 14cd + 80ce - 30de}{1 + 5c - 32d + 105e} \leq b \leq \frac{1 + 9c - 16d + 25e}{4}$$

$$\frac{9d + 16d^2 + 10e - 25de}{1 + 9d + 10e} \leq c \leq \frac{1 + 64d - 175e}{15}$$

$$6e \leq d \leq \frac{1 - 364e}{56}$$

$$0 \leq e \leq \frac{1}{700}$$

then  $f(z)$  is a convex polynomial.

The Poisson Formula can be used to prove Theorem 1. Theorem 2: Let  $f(z) = z + bz + cz + dz + ez$  (where  $b, c, d, e$  are real and  $0$ ) be analytic and univalent on an open unit disk  $|z| < 1$ . If these coefficients in the polynomial can satisfy the following inequalities:

$$\frac{16c - 45d + 96e - 7cd + 32ce - 9de}{3 + 5c - 24d + 63e} \leq b \leq \frac{1 + 3c - 4d + 5e}{2}$$

$$\frac{27d + 12d^2 + 24e - 15de}{4 + 9d + 8e} \leq c \leq \frac{1 + 16d - 35e}{5}$$

$$\frac{24}{5}e \leq d \leq \frac{5 - 364e}{70}$$

$$0 \leq e \leq \frac{1}{140}$$

then  $f(z)$  is a star polynomial.

For the proof of Theorem 2, we have to make use of the relation between star and convex functions. In the inequality of Theorem 1, constants  $b, c, d$  and  $e$  can be replaced respectively by  $\frac{b}{2}, \frac{c}{3}, \frac{d}{4}, \frac{e}{5}$  in order to give the desired result.

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TITLE: "Some Properties of Analytic Functions Expressed by Cauchy-Stieltjes Integral"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 77-90

TEXT OF ENGLISH ABSTRACT: This paper studies the K type of region proposed by G. I. Tumarkin. The judgment rules of K type regions which differ from those proposed by Tumarkin in an earlier paper are given and some properties of analytic functions expressed by Cauchy-Stieltjes integral in K type regions are discussed.

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TITLE: "The Parameter Identification of the Population Model of China"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY]  
in Chinese Vol 16 No 2, 1982 pp 91-102

TEXT OF ENGLISH ABSTRACT: This paper applies system identification technique to the population system of China and proposes an economical and effective method of estimating Chinese population model parameters. Based on very limited and incomplete statistical data available for the past 25 years, including two censuses, we have deduced the estimation and forecast data of the population model parameters of China. The validity of these data is sufficiently verified by the population prediction for the past 25 years, with the yearly forecast accuracy of the total population being within 1 percent. As the available statistical data here are too limited for the purpose of directly estimating those parameters, we propose the use of an analytical expression for the age-specific survivals and a special identification method corresponding to it. This not only makes the identification possible, but also provides a useful empirical formula for demography.

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TITLE: "The Flow Field and Performance of an Axial Flow Nozzleless Turbine Stage"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY]  
in Chinese Vol 16 No 2, 1982 pp 103-108

TEXT OF ENGLISH ABSTRACT: The flow problem in axial flow nozzleless turbine stage has been investigated. On the basis of the fundamental equations of gas dynamics, the flow field of such a stage has been analyzed and a computational program for calculation has been worked out. To compare the characteristics of a nozzle turbine stage with that of a nozzleless turbine stage, an experiment has been conducted on a test rig using these two types of turbine stages with a common rotor. Test results show that axial flow nozzleless turbine stages are quite promising in performance.

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TITLE: "A Study of the Flow and Loss in an Axial Flow Nozzleless Casing"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY]  
in Chinese Vol 16 No 2, 1982 pp 109-117

TEXT OF ENGLISH ABSTRACT: Enlightened by the work of several pioneers in this field, the authors extend the study of flow field in vaneless casing to the case of an axial flow turbine stage. The flow equations are deduced and the flow field is calculated. An experiment with casings of different annulus profiles is conducted. The distribution of the loss coefficient at casing outlet is measured. The static pressure distribution on the surface of an annulus wall and the radial distribution of flow angles at casing outlet are measured. A comparison between the calculated and experimental results is made. A method of rationally choosing the casing profile for the purpose of reducing the loss and controlling its distribution is proposed. The study provides empirical data for designing turbine stages suitable for operation in a specified range.

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TITLE: "The Numerical Solution of Lubrication-mechanical Equations for Heavy-loaded Journal Bearings"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY]  
in Chinese Vol 16 No 2, 1982 pp 119-126

TEXT OF ENGLISH ABSTRACT: The paper provides an approach using the mean value of elastic deformation and employs the eight-node isoparametric finite element analysis to solve successfully elastohydrodynamic problems of journal bearing under heavy loading. The method has been applied effectively to obtain a series of solutions with high accuracy, high speed of convergence and wide applicability. These solutions include the performance parameters of pressure distribution, film profile, loading factors, coefficient of friction and inclining moment in the eccentric ratios of the middle section and the tip of the journal  $\epsilon = 1.005$ ,  $\epsilon_3 = 1.045$  respectively. The paper also provides a formula to calculate the minimum film thickness considering the inclination of journal.

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